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NEWS SUMMARY

GENERAL

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ers and 19 policemen ed in gun battles as oops tried to break up police strikes in New the Northern Bihar

Premier Morarji id his Government be intimidated by the nd said it wanted to preventive detention.

da unrest

ators stoned cars, set r tyres and put up road the Ugandan capital of There were also to organise a general crowds continued to upport for ex-President age 4; Editorial com- ge 18

strike ends

18-week post and strike by 13,000 mem- e Post Office Workers' as settled last night -18 per cent offer plus yment of £400 for post- telephonists and 12 per for clerks. Back Page

warning

oreign Minister Andrei said that Moscow t renegotiate SALT II e rejected or amended J.S. Senate. Back Page

nan sought

unched a search for a in the North Yorkshire Thirsk after a 29-year- oman was critically in her home by a blast.

mittee power

of the Commons, St. John-Stevas told it the 12 new depart- elect committees would e the power to force s to appear before them Government documents amination. Parliament,

ng trial

chairman of Haw Par s International, Richard 44, will go on trial in gapore High Court on 6 on five charges of g the country's company

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an Eric Morecambe ent open-heart surgery, s "as well as can be ex- in a Middlesex hospital e care unit.

Proll will stand trial in y in September on s of attempted murder, robbery and possessing

eds Bjorn Borg and John e won their first-round s in a first day mme at Wimbledon that dly hit by rain. John t, Page 8.

gas slot machine paid a record jackpot of $285,000.

BUSINESS

Equities down 2.6; Cocoa falls £26

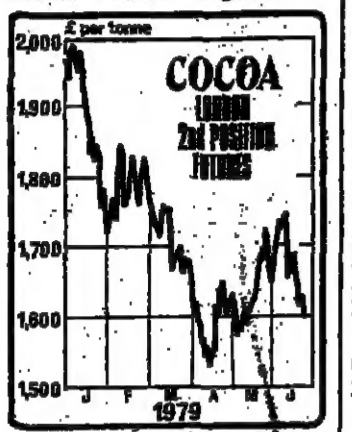
● EQUITIES traded quietly in the absence of institutional funds and the FT ordinary index eased 2.6 to 473.4.

● GILTS drifted lower and the Government Securities index fell 0.25 to 70.35.

● STERLING rose 1.75c to $2.1580, its highest closing level since July 1975. The dollar fell sharply against most currencies and its trade-weighted index fell to 84.7 (85.2). Sterling index rose to 68.9 (68.6).

● GOLD rose $¾ to a new record of $283¾ in London and in New York the Comex June settlement price was $284.00 ($282.20).

● COCOA prices fell sharply, later recovering to leave September cocoa £26 down at £1,599.5 a tonne. Page 31



● WALL STREET closed 4.85 down at 844.25.

● IRAN has taken over all privately owned insurance companies. Of the foreign companies with holdings in Iran, General Accident, Commercial Union and Royal Assurance Group of the UK are involved. Back Page

● SAUDI ARABIA is about to place a large order for a fleet of 3,500 buses with one or more western manufacturers. Competing for the order are Fiat, Mercedes Benz, Volvo and Leyland Vehicles.

● UK consumer organisations strongly attacked the farm price package agreed in Luxembourg last week on the grounds that *it would inevitably lead to substantially* higher food prices in the shops. Page 10

● ACCOUNTING and auditing requirements for smaller companies are likely to be relaxed in a new Companies Bill to be introduced next year. Back Page

● CONFEDERATION of Shipbuilding and Engineering Unions is expected to vote today for an overtime ban and a series of one-day strikes in support of a national pay dispute in the engineering industry. Page 10

● BRITISH RAIL'S engineering and maintenance workers have agreed an average 15 per cent pay deal. Page 10

● POWER engineers union has threatened industrial action following the breakdown of pay negotiations on behalf of 27,000 engineers in the electricity supply industry. Back Page.

COMPANIES

● KENNING MOTOR pre-tax first half profits fell only marginally from £2.75m to £2.71m on turnover up from £105.97m to £114.39m. Page 20

● ELLIOTT Group of Peterborough recovery continued into the second half and pre-tax profit of £813,000 against a loss of £220,000 was recorded on turnover up from £16m to £16.58m. Page 20

● WELSH Development Agency and Morris Vulcan have reached agreement on a joint venture to relaunch part of Triang Pedigree, the Merthyr Tydfil toy company which ceased trading last year. Page 8

BNOC asks oil companies to reduce exports

BY SUE CAMERON

THE BRITISH National Oil Corporation is holding talks with its oil company customers to see if they can find ways of cutting exports and refining more crude in the UK.

But yesterday reports that the Government was going to step in and make substantial reductions in the amount of North Sea oil exported to the U.S. were strongly denied.

The corporation said it was hoping some of its customers might find ways of improving oil supplies to the UK without breaking any of their contractual arrangements. It stressed that any schemes for doing this would be on a strictly *voluntary basis*.

Montreux oil conference, Page 5. Problems warning on energy sources, Page 10. OPEC feature, Page 18. U.S. and Japan to limit oil imports, Back Page.

It is thought that about 75 per cent of the corporation's oil is exported although much of this is done by other oil companies which buy from the corporation. The Government has powers under the 1975 *Petroleum and Submarine Pipelines* Act to control exports of BNOC oil but so far it has not used them.

Mr. Hamish Gray, the Minister of State for Energy, said in a parliamentary reply to Mr. Trevor Skeet, Conservative MP for Bedford, yesterday that the Government had not given the corporation any directions about oil exports.

But Mr. Skeet said later that he felt sure there would be a "shading down" of North Sea oil exports to the U.S. He stated that the UK "must not add to the prodigality of the U.S." and added that although British exports accounted for only a tiny proportion of American consumption, North Sea crude was the light, sulphur-free type which the U.S. wanted.

If the corporation does persuade some of its company customers to find ways of refining more oil in the UK it is likely that the U.S. will bear the brunt of the resulting cut in exports. European Economic Community regulations would make it far harder for oil companies to cut down on supplies to Common Market states than to the U.S.

Last year more than 22m tonnes of the North Sea's total production of 52m tonnes was exported. The biggest importers were West Germany, which took 4.8m tonnes of North Sea oil, and the U.S. which took 7.1m *tonnes*

But the 7.1m tonnes of oil imported by the U.S. from Britain accounted for less than 1 per cent of total American consumption.

Although the Government is anxious that the oil majors should refine more crude in the UK and cut their exports, it is thought most unlikely that it would try to force the oil companies to act.

If it insisted that all the North Sea oil which now goes to the U.S. should stay in the UK, the American-based oil majors could retaliate by diverting oil destined for the UK to other countries. This would have severe financial implications because North Sea crude is at present fetching about $20 a barrel while the oil the UK buys in normally costs between $2 and $4 a barrel less.

The Government would also have to compensate the oil companies if it tried to force them to break their contracts.

WHERE UK NORTH SEA OIL EXPORTS WENT LAST YEAR

	Millions of tonnes
U.S. (including shipments which went via the Bahamas and Curacao)	7.1
France	1.5
Netherlands	2.1
West Germany	4.8
Eire	0.5
Denmark	2.1
Norway	1.2
Sweden	2.5
Finland	0.5

Experts say $20 a barrel inevitable

By Richard Johns in Geneva

ON THE eve of perhaps the most critical organisation of Petroleum Exporting Countries' ministerial conference since the end of 1973, economic experts from the member states have concluded that a unified and co-ordinated price structure cannot be maintained during the third quarter of this year on a basis of less than $20 a barrel.

This compares with the present rate for the Arabian Light "marker" crude, which in the past has served as a reference to all others, of $14.55 a barrel. Saudi Arabia has stuck to the $14.55 level since April 1 while other producers, in a continual game of leapfrog, have slapped on surcharges as opportunity arose and in the process created a chaotic multi-tier system.

The Kingdom's position is that the basic price should be no more than $17 to $18. This was confirmed yesterday by Mr. Abdel-Aziz al Turki, Saudi Deputy Minister of Oil, who told reporters that his Government would not go higher than $18. He also predicted, ominously, that the conference would be a "meat auction," according to the Reuter news agency.

Build up

OPEC's Economic Commission *concluded its deliberations* yesterday. The technocrats' considered opinion is understood to be that, even if Saudi Arabia were to allow temporarily output from its main producing fields to rise above the official ceiling of 8.5m barrels a day, *there would still not be enough* supplies available to consolidate a price of less than $20 for Arabian Light.

The experts believe that market conditions will be very tight in the third quarter as oil companies and the main consuming countries build up depleted inventories and also stock up for the winter. Saudi Arabia, for political and technical reasons, is apparently unable to push up its output in the immediate future even to 9.5m b/d.

The odds must now be that the Kingdom will have to compromise and agree to unified price level higher than one it wants or the pricing chaos will continue. Even the United Arab Emirates, which went along with Saudi Arabia in the first half of 1977 with a lower price than other members of OPEC,

Continued on Back Page

Dollar suffers worst day of this year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DOLLAR yesterday had its worst day on the foreign exchange markets this year. There was persistent selling and the rate fell sharply against all major currencies. There were further modest falls in late New York trading.

The trade-weighted index, measuring the value of the dollar against a basket of other currencies, dropped by 0.5 points to 84.7 according to Bank of England calculations. This is the largest fall in a day since the end of last year.

The index has fallen by nearly 3 per cent since the end of May to its lowest level for three months.

The decline in the dollar would have been even larger yesterday but for Central Bank support, notably by the West German Bundesbank and the Swiss National Bank.

The Bundesbank bought $50m at the fixing, and there was substantial other intervention.

Nevertheless the dollar fell in London to DM 1.8395, its lowest level since mid-January, for a 4½ per cent drop so far this month. The closing level on Friday was *DM 1.8550*. The dollar dropped against the Swiss franc from SwFr 1.6535 to SwFr 1.6435.

U.S. economy feature, Page 19
Money Markets, Page 23
Lex, Back Page

In New York, the dollar fell back later a little further to close at DM 1.8380 and SwFr 1.6410.

In London, sterling was boosted by the weakness of the dollar to a high of $2.1635 at one stage.

Profit-taking and possibly some small-scale Bank of England action limited the closing rise to 1.75 cent at $2.1590, the highest finishing level since *July 1975. The* trade-weighted index rose by 0.3 points to 68.9. Sterling closed in New York at $2.1580.

The decline of the dollar affected the London bullion market, where the price of gold rose by $¾ an ounce to a record *closing level of $283¾. During* the day the price touched $284¾.

The renewed pressure on the dollar after a period of relative strength in the spring is partly the result of concern about recent evidence of a big jump *in the U.S. money supply*.

There are worries that the oil-producing States may increasingly wish to spread their portfolios out of dollar holdings.

Short-term influences are the meeting of oil-producing countries this week and the expected appearance of the U.S. con*sumer price index today* and trade figures tomorrow.

Selling is not yet on the scale of last summer and autumn, which prompted the rescue package of November 1. Dealers say that some of the selling has been intended to test the intentions of the Federal Reserve, which intervened on a large scale in November and December, but which has not been noticeably active in the past few days.

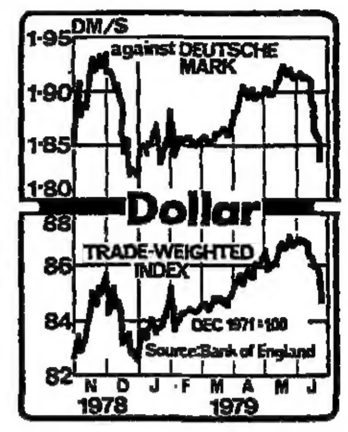
The strength of sterling is likely to lead to increasing *complaints from industry about* erosion of the competitive position of British goods.

But there are no signs of any change in British policy, which is to allow a relatively free float without substantial intervention.

The Government wants to see the impact on capital outflows of the recently-announced partial relaxation of exchange controls before deciding on any

David Lascelles writes from New York: Dealers ascribed the weakness of the dollar to *apprehension about today's* OPEC meeting, and uncertainties about U.S. economic prospects.

The consumer price index is due out today, and the latest trade figures will be published tomorrow, and both are *expected to affect the foreign* exchange markets.



£ in New York

—	June 25	Previous
Spot	$2.1585-1595	$2.1575-1595
1 month	0.58-0.55 dis	0.62-0.57 dis
3 months	1.74-1.69 dis	1.66-1.56 dis
12 months	4.95-4.85 dis	4.75-4.60 dis

Foundry owners seek aid for closure programme

BY ROY HODSON

FOUNDRY OWNERS are expected to approach the Government for aid in introducing a foundry closure programme at a cost of 25,000 jobs over the next five years.

Demand for iron and steel castings has been falling since the early 1970s and production is expected to become concen*trated upon a smaller* number of the most efficient units as orders continue to shrink at least until the mid-1980s.

The foundry owners will raise proposals for a Government-assisted closure scheme on July 25 when they meet Government representatives and union leaders at a postponed meeting of the National Economic Development Office economic development committee for foundries.

At the meeting the iron founders, who believe the low level of activity in the British car industry is their most serious problem, will report that domestic demand for iron castings is likely to continue falling at a rate of nearly 100,000 tonnes a year for the next five years.

They estimate demand by 1985 will have fallen to 2.4m tonnes a year compared with 2.7m tonnes last year. When output was at its peak in the 1960s, more than 4m tonnes a year were produced.

The foundries specialising in steel castings face similar problems where production has fallen from 1.5m tonnes a year in 1970 to an estimated 1m tonnes a year in 1979-80. There are more than 80 British steel foundries but estimates suggest that all the work generated in Britain could be handled in future by only 30 modern and efficient foundries.

The British steel foundries, through their trade association, the Steel Castings Research and Trade Association, and the association of EEC steel foundries are trying to give a lead to a fundamental reorganisation of foundry activity in the EEC. Surveys being carried out in Britain and on the Continent will be used as justification for action when the steel division of the Committee of European Foundry Associations, representing 350 foundries, meets in Rome in October.

The steel founders are beginning to believe that the best hope for a fundamental reorganisation of their industry lies in the European Commission producing a restructuring plan for foundries on the lines of the Davignon plan for steel.

The much wider problem facing Europe's many thousands of iron foundries also has its adherents for a European solution. But it is likely that the British Government will first explore prospects for a trade solution or a Government-assisted reorganisation.

Mr. Derek Farrant, director of the Council of Ironfoundry Associations, will tell the British Institute of Foundrymen meeting in Bristol this week that their priority must be rationalisation. The smaller independent foundries are being urged by the leaders of their industry to study their prospects while they still have some realisable assets left.

Low key TUC Budget campaign

BY RICHARD EVANS AND CHRISTIAN TYLER

THE TUC opened a campaign *against* the Government's economic policies in low key yesterday by drafting a statement of dissent and a motion for debate at the annual Trades Union Congress in September.

The motion would embody "a campaign of economic and social advance," said Mr. Len Murray, TUC general secretary.

This cautious beginning, contrasting with some union leaders' furious first reactions to the Budget, came after the first meeting with the Prime *Minister of the TUC economic* committee.

Mrs. Thatcher saw the committee with Mr. James Prior, Employment Secretary, and Sir Geoffrey Howe, the Chancellor, for an hour in Downing Street. She explained the Budget philosophy and stressed that if there was disagreement with the TUC, it was about methods, not objectives.

The meeting passed off without rancour or ultimatums, but Mr. Murray said he told the Ministers the Government must bear the responsibility of trade union reaction to its measures.

This was a diplomatic reference to his earlier warning that the Government could expect to see unions taking industrial action in protest at its cuts in public expenditure.

Mr. Murray was careful to avoid any suggestion that trade unions would challenge the Government in unconstitutional

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F PRICE CHANGES YESTERDAY

s in pence unless otherwise indicated)

RISES

ell	203	+ 15
and Jackson	275	+ 7
ds	215	+ 9
er (J.)	118	+ 8
ss Withy	302	+ 6
n (L.)	27	+ 2
alls (Halifax)	162	+ 6
y Mills	138	+ 6
el (J.)	40	+ 4
Carbonising	70	+ 6
r Timber	166	+ 13
dent Financial	95	+ 3
ortex	87	+ 5
nan Eng.	72	+ 17
	1264	+ 54
Daggafontein	33	+ 8
igate Expln.	390	+ 35
Sabina Inds.	42	+ 6

FALLS

Treas. 12pc 83 A	£97⅞	— ⅛
Excheq. 12¼pc 99 A (£15 pd.)	£14¾	— ⅜
Assd. Biscuit	71	— 4
Bambers Stores	127	— 7
Bilton (P.)	224	— 8
Bowring (C. T.)	107	— 4
Commercial Union	139	— 4
European Ferries	135	— 6
Mothercare	176	— 4
Rivington Reed	41	— 3
Cons. Gold Fields	222	— 5
Metals Expln.	47	— 5
RTZ	276	— 7
Southern Pacific Pet.	290	— 10
UC Investments	295	— 10

EUROPEAN NEWS

France joins bidding for Norway's North Sea gas

BY WILLIAM DULLFORCE IN STOCKHOLM

THE FRENCH Government has offered to help pay for a gas gathering pipeline to carry Norwegian gas to the Continent in return for permission to buy gas, Mr. Egil Helle, of the Norwegian Oil and Energy Ministry, confirmed in Oslo yesterday. The offer has been discussed during talks on energy and industrial co-operation in both Oslo and Paris.

The French initiative has intensified the competition for Norwegian gas among potential European customers, which include the UK, West Germany and the Netherlands.

The West Germans have also indicated informally that they would be prepared to share the cost of a pipeline while the British have been promoting the possibilities of linking the Statfjord field either to the nearby Brent system on the British side or to the pipelines between the Frigg field and St. Fergus on Teesside.

Mr. Helle confirmed that Norway was looking to a partner to help finance a gas-gathering pipeline, but stressed that it could not decide among the various alternatives until the gas reserve on the Norwegian Continental Shelf south of the 62nd parallel had been more thoroughly explored.

Some urgency appeared to be lent to the matter, when company experts stated that it would not be possible to continue reinjecting gas on the Statfjord field beyond 1984 or 1985. With a five-year lead time for the planning and construction of a submarine pipeline, a decision would have to be taken next year, they said.

But Mr. Helle pointed out yesterday that the experts disagree. Norwegian Government consultants believe that the Statfjord gas can be safely reinjected up to 1990.

Statfjord has proven reserves of 50bn cubic metres associated gas and natural gas liquids as well as 300m tonnes of oil, according to the Oil and Energy Ministry's latest estimates. Oil production is scheduled to start later this year.

Even when the reserves in other, smaller but undeveloped Norwegian fields are added, the Statfjord gas is not enough to warrant building a gas gathering pipeline. However, oil companies including Statoil, Norsk Hydro, Saga, Shell and Amoco, will be drilling on six new blocks this summer, while petroleum reserves found on the so-called Golden Block, 34/10, are being evaluated.

If gas is struck in substantial quantities on any of these, a gas-gathering pipeline would become a feasible proposition and the Continent a more likely landing point than the UK.

Investigators from Supreme Allied Headquarters were yesterday examining the car which was wrecked in the assassination attempt on Gen. Alexander M. Haig Jr., Chief of NATO Forces Europe.

Gen. Haig narrowly escaped a land mine attack on the car as he was driving to work at NATO's military headquarters in Casteau, Belgium, near the French border.

Police said the powerful blast went off at about 8.30 am, just as Gen. Haig's car had passed a small bridge. The explosive, was a remote control device that had been planted under the bridge which spans a small ravine.

The blast badly damaged the rear of the vehicle. Three guards—two Belgian state policemen and a U.S. Army guard who were in a car following the general — were slightly injured when the explosion almost blew it off the road.

French bid to patch up relations with Algeria

BY TERRY DODSWORTH IN PARIS

THE ATTEMPT to put Franco-Algerian relations on a more friendly footing, launched by M. Jean Francois-Poncet, the French Foreign Minister, on a week-end visit to Algeria, will be followed by more talks this year. M. Seddick Benyahia, Algeria's Foreign Minister, has already accepted an invitation to visit Paris.

This new attempt to patch up the series of quarrels which have soured relations since Algerian independence follows a year of virtually no official contact. The French are now anxious to break this deadlock, partly because they want to build up trade with Algeria, and partly to enlist the support of Algeria for President Valery Giscard d'Estaing's policy of closer links between Europe, Africa and the Arab states.

During his visit, M. Francois-Poncet met most leading members of the post-Boumedienne Government, including Mr. Chadli Benjedid, the new President.

Discussions touched mainly on the two major differences between the two countries—Algerian immigrant workers in France, and France's sympathy for Morocco and Mauritania against the Algerian-backed Polisario campaign to establish a separate state in the former Spanish Sahara.

Neither side seems to have given much ground in the talks. Indeed, M. Francois-Poncet stressed that France would not recognise the Polisario front, and made it clear that the recent tightening of French regulations on immigrant workers was seen as essential to France's economic interests.

Nevertheless, a more conciliatory atmosphere has developed from the visit.

Bonn ministers differ on speed limits

By Roger Boyes in Bonn

SHARP differences are emerging between West German ministers over whether compulsory speed limits should be imposed on motorway drivers in order to cut energy consumption.

Dr. Volker Hauff, the Technology Minister, said in an interview published yesterday that compulsory speed limits on motorways—at present there is only a recommended upper guideline of 130 km/hour (80 mph)—would help to bring home the seriousness of the energy crisis to West Germans, and thus lead to other savings. "I do not believe that we can persuade the populace to change its attitude to energy saving, when cars are still allowed to race down the autobahns at 180 km/hour (110 mph)," he said.

Banks postpone signature of loan for Turkey

BY OUR FOREIGN STAFF

TURKEY HAS now had to give up its hopes of signing a $406m syndicated loan with a group of international banks this week. Last week it had sought to persuade the banks to sign the agreement in London this coming Friday, but over the weekend the Government has finally accepted that this is impossible. It now hopes that signature will be possible early in July.

Various reasons for delay have emerged. The first is the intense complexity of the legal documents involved. These have been drawn up in New York and have provided, as one banker puts it, "a lawyer's feast." But their complexity has been one of the causes for the lack of comment from some of the banks to whom they were circulated three weeks ago.

Even more important, under the terms of the loan the banks have to reach agreement with the Turkish Government on the re-scheduling of its existing debt. In the case of the convertible Turkish lira deposits—short-term interbank credits whose foreign exchange risk is carried by the Turkish Central Bank—such an agreement is a "pre-requisite" for the loan.

But the lawyers are still producing the final version of the agreement. An equal difficulty has arisen over the failure of the Turks officially to announce a scheme for re-scheduling their arrears on unguaranteed suppliers' credits: these may total up to $1.7bn.

Some banks are stating that until such matters are cleared up they will not sign any loan agreement. Others argue that they can sign now but that disbursement should be delayed until these points have been settled and Turkey has completed a stand-by agreement with the International Monetary Fund.

Talks open on new Lome pact

A small increase in the EEC's financial offer to the 57 African, Caribbean and Pacific countries negotiating a successor to the 1976-80 Lomé Convention led to the re-opening of talks yesterday, Margaret Van Hattem writes from Brussels. An agreement is expected within the next day or so.

The ACP groups broke off talks earlier this month, when presented with an offer including total funding of 5.1bn European Currency Units ($6.6bn) which the Community insisted was final and non-negotiable.

When talks resumed yesterday, the EEC negotiators agreed to increase this amount by around 300m ECUs, to be made available in loans through the European Investment Bank. They also agreed to transfer the cost of maintaining EEC delegations in ACP countries to the Community's own budget, releasing 180m ECUs within the original 5.1bn offer for development projects.

Meanwhile Fishery Ministers from the eight other EEC states were sounding out the new British Conservative Government's attitudes to EEC fisheries policy at a meeting in Luxembourg yesterday.

Brussels strike

The floods of paper issued by the Common Market Commission slowed to a trickle yesterday, as nearly three-quarters of its administrative staff went on a one-day strike over pay, Reuter reports from Brussels.

A spokesman for the Union Syndicale, the largest clerical union involved, said about 7,000 of the commission's 11,000 staff had joined the strike. They wanted a 2.7 per cent wage rise and changes in pay structures and recruitment policy in the Commission, the EEC's executive body.

Basque plan amended

The Spanish Government has prepared a comprehensive list of amendments to the statute of autonomy for the Basque country, due for a preliminary reading in parliamentary commissions today, David Gardner writes from Madrid. One member of the ruling UCD party has described the amendments as effectively a new text. The main Basque party, the Partido Nacionalista Vasco, warned last week that it was prepared to negotiate the form, but not the content, of the draft statute, drawn by last year by an all-party committee of Basque MPs.

Dutch energy vote

The Dutch Parliament yesterday voted for compulsory energy saving measures, and said the aim should be to reduce the oil bill by substantially more than the 5 per cent already set by the Government, Reuter reports from The Hague. A resolution adopted by all lower house parties except the Communists said a law on energy curbs should be drawn up soon.

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OECD countries' aid contributions fall short of UN targets

BY ROBERT MAUTHNER IN PARIS

OFFICIAL development assistance from OECD countries rose by 7 per cent in real terms to $18.3bn in 1978, but still fell far short of the UN's target of 0.7 per cent of donor countries' GNP.

The 17 members of the Organisation's Development Assistance Committee (DAC) last year spent no more than 0.32 per cent of their average GNP on official aid on concessional terms, only very marginally up on the previous year and less than in 1976, when the figure was 0.33 per cent.

Mr. John Lewis, the Chairman of DAC, also emphasised yesterday that the share of official aid in the developing countries' total external financial receipts had been constantly falling since 1960.

Preliminary estimates indicated that the total flow of financial resources from DAC members in 1978, including both official aid and private lending rose by some $7bn to about $57bn, representing nearly 1 per cent of the donor countries' GNP. But in 1978 official development assistance made up only 30 per cent of the total with the remaining 70 per cent composed of private bank lending, direct investments, export credits, portfolio investments, and non-concessional official aid. This compared with the 60 per cent share of official assistance in 1960, and 50 per cent in 1970.

The biggest increases in official development assistance last year were recorded by Norway and Denmark. The latter country reached the 0.7 per cent of GNP target for the first time, thus becoming the fourth member country to do so, after Sweden, Norway and the Netherlands.

Norway and Sweden shared first place with 0.9 per cent of GNP, followed by the Netherlands with 0.82 per cent and Denmark with 0.75 per cent. The UK's official aid/GNP ratio recovered from 0.37 per cent in 1977 to 0.40 per cent in 1978, a level reached only once previously during the 1970s. But the £50m cut in official development aid announced in the last budget will almost certainly lead to a deterioration in the current year.

Mr. Lewis drew encouragement from the fact that the three strong currency countries, West Germany, Japan and the U.S., whose aid performance has been less than satisfactory up to now, were beginning to step up their official development assistance.

In the case of West Germany, the share of GNP devoted to this purpose went up sharply from 0.27 per cent in 1977 to 0.31 per cent last year, and recent budgetary increases in official aid would at least ensure the maintenance of this ratio in 1980 and 1981.

Comecon oil concern

BY DAVID SATTER IN MOSCOW

THE PRIME MINISTERS of Comecon, the socialist economic grouping, begin their annual economic summit here today and are expected to concentrate on how to conserve dwindling supplies of energy.

Comecon includes the Soviet Union, its Eastern European allies, Cuba, Vietnam and Mongolia. The Soviet Union is the principal source of energy, but its oil production targets this year have not been met.

Mr. Alexei Kosygin, the Soviet Premier and chairman of the meeting, warned last month during a visit to Czechoslovakia that the Comecon countries must take "stringent" energy-saving measures although the Soviets have promised to deliver 80m tonnes of oil to their Comecon partners in 1979.

The European Comecon countries are hoping to rely increasingly on atomic energy in the next 20 years and there is expected to be discussion of specialisation in their nuclear engineering industry so that some parts for Soviet-designed stations can be manufactured in Eastern Europe.

Italy public spending up

BY RUPERT CORNWELL IN ROME

THE CHAOTIC state of Italy's public administration and finances has been highlighted by new figures from the National Accounts Committee, indicating that government spending rose by 36 per cent last year, to L85,836bn (£49bn).

In its annual report, which amounts to another devastating indictment of the shortcomings of the public sector, the committee puts total tax revenue last year at L45,000bn. After various additions and deductions, the total public sector deficit for 1978 is estimated at around L30,000bn, equivalent to some 15 per cent of the total official gross domestic product.

The signs are that this year, despite the Government's proclaimed intentions and repeated warnings from the International Monetary Fund and others, the shortfall might increase further. One unofficial forecast is for a possible 1979 deficit of L38,000bn for the enlarged public sector.

Sig. Mario Sinopoli, the senior member of the committee, called yesterday for a genuine overhaul of the financial and tax-collecting mechanisms. In particular he urged action to gain a grip on the so-called "submerged" or "black" economy. He guessed its size at L40,000bn.

rench public opinion tands by the guillotine

DAVID WHITE IN PARIS

SIZE court in the Tarn, est France, has con- to death a 53-year-old Norbert Garceau, for ng a woman who he had nd failed to seduce. He eady been convicted for ar murder in 1953 and l after serving a com- sentence for 20 years. may go to the Supreme of Appeal, he may be , or President Giscard g may grant a reprieve. it will be the guillotine.

a man in a death row France for the first time May 1978, the National ly is this afternoon ed to hold its first full- debate on the death for more than 70 years. same day Garceau was ed, the Assembly's Law sion voted 13-2 for a l to abolish executions. ep should logically lead ance's ending capital nent—one of the last an countries to do so.

not yet. The debate, into the last few days present session, has been ed as a "debate of re- and orientation on the f capital punishments." will be no vote, and nist deputies have ned to abstain from part.

dent Giscard d'Estaing is rd as opposing execution ave a profound aversion leath penalty," he said at e of his election in 1974. M. Raymond Barre, the Minister, and so is n Peyrefitte, the Minister ice. There appear to be votes in the Assembly the guillotine. The Law sion's decision was n a report by M. Philippe a Gaullist member of verning majority. The as urged the removal of alth penalty from the ode and from the code of y justice, replacing it by prisonment with a mini- mum of 20 years under close guard.

But public opinion, so far as can be judged, is against abolition. It may well be reinforced by the coincidence of the debate with two well-publicised murder cases —

The National Assembly has reaffirmed the death penalty on each of the previous 10 occasions it has debated the matter since 1789. President Giscard, although a personal opponent of capital punishment, has nonetheless seen three men go to the guillotine during his presidency. He may have to decide the fate of a fourth.

A free vote by the National Assembly might well produce a majority in favour of abolition, yet the Government appears to have come to the conclusion that the issue is one that could put its own majority at risk.

Garceau's and another at Hyères in southern France, involving a man who similarly had already served a prison sentence for murder and who allegedly went on to kill his wife.

Nobody has been executed in France since September 10, 1977, when Hamida Djandoubi, a north African immigrant worker, was guillotined for the murder of a child. The last three condemned men were reprieved just over a year ago. The death sentence has been abolished de facto for women since 1950. The executioner, M. André Obrecht, successor to the Samson Deibler family, is living in retirement. But France remains the only EEC country where people can still be executed. In Belgium, the only other country of northern Europe which even has a death penalty on its statutes, it has not been carried out for over a century.

Under President Giscard, three men have gone to the guillotine. The guilt of one of them, Christian Ranucci, a 22-year-old who was executed in 1976 for kidnapping and murdering an eight-year-old girl, has since been challenged. The same number were beheaded under President Pompidou. Faced with public opinion polls consistently in favour of the death penalty, the Government is using delaying tactics. It managed to ward off an attempt made by opposition deputies last autumn to cut the funds provided for capital punishment in the national budget—FFr 185,000 (£20,000) a year for the executioner's fee and upkeep of the machine.

An Assembly vote on the principle of capital punishment would pose the problem of showing up a division in the ruling majority. The Government would, however, allow a free vote in which some of its supporters might side with the opposition, as it did over abortion—with the difference that the abortion law had more popular backing.

In the Law Commission vote, all the Socialists, Communists and Gaullist members and one of three from President Giscard's own UDF party, opted for abolition.

The opposition would vote in a united block. A Communist motion put forward in 1973, and afterwards subscribed to by the other left-wing parties, states simply: The death penalty is abolished in France. From the date of promulgation of the present law, no capital execution may take place on the territory of the Republic.

The machinery is now set in motion for this proposal or one like it to make its way through Parliament. But whether it will be this autumn, or not until after President Giscard has fought for re-election in 1981 is still a matter for conjecture.

Germans face strict tests on chemicals

By Roger Boyes in Bonn

WEST GERMAN chemical manufacturers will have to subject new materials and products to a range of strict safety tests before they are allowed on to the market, according to a draft Bill submitted yesterday to the West German cabinet.

The Government hopes in this way to reduce the large number of accidents and cases of sickness (an annual average of 200,000, 6,000 of them fatal), which have followed contact with toxic chemicals.

The chemical industry already makes certain tests for toxicity in new materials, but has in general been unwilling to extend these dramatically because of the possible delay in bringing a new product on the market. The new Bill, however, will make it compulsory to register the materials with the local health authorities, who will check the results of the tests. The Bill also lays down stricter rules on the packaging of toxic products.

Frau Antje Huber, the Health Minister, freely admits that it will be extremely difficult to place strict controls on those products already on the market. The number of toxicologists required, for example, would make the project prohibitive. On present estimates, the controls on new materials will cost the Government initially between DM 20m (£5m) and DM 45m, while annual operating costs will be between DM 18m and DM 40m. The extra cost to industry, according to government calculations, will be about DM 40m annually, although this presumably excludes the possible costs of the delayed introduction of a new product.

TOKYO ECONOMIC SUMMIT CONFERENCE

A smile of satisfaction for Schmidt

BY JONATHAN CARR IN BONN

CHANCELLOR HELMUT SCHMIDT can permit himself a modest smile of satisfaction as he goes into the Western Economic Summit conference in Tokyo on Thursday. West Germany is not in the firing line of international criticism over its economic strategy as it was before the Bonn summit a year ago. And the German domestic economic performance is stronger in most respects than almost anyone expected at the start of this year.

At the Bonn summit, the Germans promised to take additional measures to boost their economy, as part of a package deal to haul the Western world further out of recession. They pledged action equivalent to "up to 1 per cent of gross national product" (roughly DM 12bn) and, in fact, did rather more than that. In retrospect, given the strength of the current economic upswing and the upward pressure on prices and interest rates, it might have been better if they had done less.

Few doubt that the German aim of 4 per cent real growth in GNP this year will be achieved—despite a particularly harsh winter, a lengthy steel strike and the loss, in large measure, of Iran as an export market. To foreign critics of the German trade and current account surpluses, Bonn can point to a marked reduction of both in the first third of this year, with import growth in real terms markedly stronger than export growth. And with a relatively high proportion of manufactured and semi-manufactured goods in its imports, the Germans can argue with some justice that they are further boosting the economic growth prospects of other trading nations.

How long can the upswing go on? At first sight the prospects are very good. The orders intake by manufacturing industry (seasonally adjusted) rose by 4 per cent in March-April, compared with January-February, and was less than 12.5 per cent higher than in March-April, 1978. Use of capacity in April was up to 83.7 per cent which while the highest level for five years, is nonetheless still below the long-term average, allowing further scope for expansion in some sectors at least. Investment in real terms by enterprises is likely to grow by 8 per cent this year (much, admittedly, for rationalisation and substitution), and the jobless total should average under 1m.

But there is a cloud over all this. It is shown by the monthly survey of business opinion carried out by the LEO economic Institute of Munich. In February, March and April, businessmen gave an even more favourable assessment of their current situation—but steadily less buoyant one of future prospects. A major reason for this is concern over inflation, with consumer prices rising from 2.1 per cent in May—and likely to go on increasing. It is not simply that the rise (combined with an increase in value added tax by 1 per cent to 13 per cent on July 1) will undercut consumer purchasing power, it is also the recognition by employers that a failure to hold down inflation will without doubt bring a very tough wage bargaining round with the unions this winter. For most countries, of course, anything like the West German inflation rate would be regarded as a splendid achievement. But the level of expectation is higher in Germany, and the impact on business and consumer confidence of an inflation rate edging up towards 5 per cent (which seems possible in the autumn) is likely to be severe.

West German Chancellor Helmut Schmidt stopped for three hours in Moscow en route to the economic summit in Japan, and met Mr. Alexei Kosygin, the Soviet Premier, and Mr. Andrei Gromyko, the Foreign Minister, AP reports from Moscow.

The leaders had planned to talk about the framework of SALT III—the next round of strategic arms limitation talks—and the problem of intermediate range nuclear weapons, which could threaten Europe.

West Germany is pushing for an agreement on the framework for SALT III talks before the NATO summit meeting in December.

Although the Bundesbank has been criticised for applying the monetary brakes too early (raising discount and Lombard rate, increasing minimum reserve requirements and so on), it is arguable that it began acting rather later than it should have done.

To some extent, the sharp increase in oil and raw materials prices has concealed the "home-made" component of West German inflation. That "foreign" addition to the increase in domestic prices has been made worse by the unusual (for the Germans) experience of a relatively weak currency. The D-mark has fallen in value since the start of the year, not only against the dollar but against the weighted average of the currencies of most of its main trading partners.

Two consequences in particular flow from this. One is that the Germans would now actually prefer, for domestic reasons, to see their currency stronger, a point of importance in particular to existing and potential members of the European Monetary System. The second is this: the Germans accept that there will have to be increases in the oil price, indeed, that to some extent these are desirable to encourage investment in alternative energy sources. But they do want to see these increases made less erratically.

This brings us back to the Tokyo conference. Quite apart from an emphasis on energy saving and a declaration in favour of nuclear power, the Germans would like to see firm steps taken at the meeting towards "co-operative oil management," in which the rights of oil producers to higher prices would be better balanced against the rights of oil consumers to a less erratic supply and price policy.

Essential to this, in the German view, would be the participation of the non-oil developing countries. Quite apart from the fact that these states are often worst hit by oil price increases, they are key export markets on whose future economic health West Germany's own industrial future partly depends.

ireece debates accession treaty

OUR ATHENS CORRESPONDENT

REEK Parliament yester- egan a four-day debate atifying its Treaty of ion to the EEC, which ned in Athens on May 28 a minor poster battle n pro- and anti- eers.

Government of Mr. Con- e Karamanlis, the Prime er, should have no diffi- n obtaining the necessary ty of three-fifths of the mber parliament for the under which Greece become the tenth mem- the EEC in January

by November that year, l elections have to be when the two parties og Greece's entry to the the Panhellenic Socialist ent (PASOK) of Pro- Andreas Papandreou and pro-Moscow Communist Party of Greece, KKE—are expected to make gains.

Mr. Karamanlis's New Democracy Party commands 175 seats in the present Parliament but for the Treaty of Accession it has been assured of at least 12 other votes—four from the recently forced Party of Democratic Socialism of Professor Ioannis Pesmazoglou, one from the United Democratic Left (EDA), one from the Communist Party of Greece (Interior)—a Eurocommunist party—and six from independents.

The five deputies of the fragmented Union of Democratic Centre, under Mr. Ioannis Zigdis, and the four MPs of the extreme right-wing National Front have not indicated how they will vote.

However, both PASOK and the orthodox Communists are rigorously opposed to entry. PASOK has 93 seats in the present Parliament and the Communists 11, and both seem to be steadily gaining ground.

The two parties claim that entry to the EEC will lead to Greece's subjugation to West European cartels and to it becoming a colony of its more powerful partners in the Community. The Communists are completely opposed to any ties with the Western world, economic or political.

Mr. Papandreou, however, favours a special relationship with Western Europe in the form of a customs union rather than the progressive integration which the present treaty foresees. However, in recent speeches he has softened his approach and now talks of "renegotiating terms" should he come to power, rather than abrogation.

innish President explodes idsummer political 'bomb'

LANCE KEYWORTH IN HELSINKI

JMMER IS witching time nland, when well water to wine. But the wine has l sour this midsummer for peaker of Parliament, the who ranks second in the y after the President and ises for him in his ce.

Johannes Virolainen, the er, granted an exclusive iew recently to the impor- Finnish magazine Suo- Kuvalehti. He gave the ssion that foreign policy as precluded the inclusion Conservative Party in the ion cabinet formed a n ago, after the March al election.

Conservatives emerged that election with the big- overall gain, 12 seats, tak- heir total to 47 seats in 200-member Parliament. makes the Conservatives nd's second biggest party. Virolainen has since denied that he meant to give any such impression, but the denial did not impress President Urho Kekkonen.

In what has been described in the press here as a "midsummer bomb" and a "political execution," Dr. Kekkonen issued an official presidential judgment on the Speaker's remarks. It was unprecedented in its severity.

President Kekkonen said that he was "frightened" by the interview. "Virolainen's views and presentation bear no relation to the facts. The Speaker of Parliament has, for reasons that are totally incomprehensible to me, given false evidence on Finland's foreign policy and international position." His behaviour, added the President, has done incalculable harm to Finland's foreign image.

Dr. Virolainen, chairman of the Centre (Agrarian) Party, is one of the most experienced and able politicians in Finland, and Dr. Kekkonen is known to have strong views on the term Finlandisation (which means limitations by the Soviet Union on Finland's room for manoeuvre in foreign policy). The questions now uppermost in the minds of commentators and observers are, why did Dr. Virolainen go public with such provocative remarks, why now, and why did President Kekkonen react so strongly, overreact perhaps? His public dressing down of the Speaker does anything but dispel foreign—and Finnish—suspicions that the Conservatives are still in the wilderness (where they have been for 13 years) because the Soviet Union does not trust them. Finely distilled, this means that it does not matter what the Finnish voter thinks: the Conservative Party is not fit to hold government office.

SOUTH AFRICA'S PRESS RESTRICTIONS

Shifting the emphasis to self-censorship

The South African Government's proposals to curb all press reporting of official corruption in the wake of the Muldergate scandal has been shelved, but as QUENTIN PEEL reports from Johannesburg, Parliament imposed several other restrictions on the Press in its latest session. These join a long list of laws already on the statute book, and reinforce a move by the Government to encourage self-censorship.

THE GREATEST irony of South Africa's Muldergate scandal is that the exposure by the Press of the massive misuse of public money in the former Department of Information is likely to prove a pyrrhic victory. At the same time as the revelations of the secret financing of a pro-Government newspaper have caused the resignation of both Mr. John Vorster, the former Prime Minister, and Dr. Connie Mulder, his heir apparent, a positive barrage of legislation to restrict Press reporting in future has been pushed through Parliament.

In the end, the South African Government has stopped short of a head-on confrontation. Its plans for a blanket ban on further revelation of corruption in Government, which could be imposed by an Advocate-General appointed to investigate such cases, has been dropped in the face of the combined opposition of both pro- and anti-Government Press. But in its place, Mr. P. W. Botha, the Prime Minister, clearly expects to win a wide degree of self-censorship.

The current battle being fought to preserve some modicum of Press freedom in South Africa is as revealing as any other issue of the growing war psychosis which rules the country today.

There is no doubt that the media in South Africa is currently facing a drastic erosion of its freedom to publish information. Five major items of legislation were brought to Parliament in the latest session. The leading newspaper lawyer in the country, who published a 300-page work on the subject in 1977, has already virtually filled a bookshep with amendments for his next edition.

"There has been more legislation over the two years since 1977 affecting journalists than any other profession I can think of," says Mr. Kelsey Stuart, legal adviser to the South African Associated Newspapers (SAAN) group. Three newspaper stories have caused most embarrassment to the South African Government in the past three years: the Soweto riots and their supression, the deaths in detention of Black dissidents, culminating in the death of Mr. Steve Biko, the Black consciousness leader, and the Information Department scandal. Now three laws have been passed by Parliament to restrict the same sort of publicity ever being given again to such situations. The Police Amendment Act prevents any newspaper from publishing "any untrue matter" about the police without being able to prove its reasonable grounds for doing so. The inquest amendment act would prevent any publication of evidence about suspicious deaths, such as that of Biko, before an inquest. Finally the Advocate General Act makes any investigation of corruption in government sub judice while it is being investigated by the Advocate General. In addition, the Atomic Energy Act now forbids publication of any details of uranium production and contracts, or of atomic energy research—even undertaken outside the country. The National Supplies Procurement Act allows a government minister to rule off whole areas of the economy as officially secret. And the Petroleum Products Amendment Act seeks to prevent publication of any details about oil procurement, supplies, storage and distribution.

That barrage of legislation joins a list which already covers vast areas of South African life: the Prisons Act, the sweeping Defence Act, the Internal Security Act (which bans newspapers from quoting dissidents), the Terrorism Act and the Official Secrets Act, as well as a system of censorship which produces a weekly list of banned publications often running to 30 or 40 works.

Restriction of press activities does not consist merely of a legislative minefield. In the past three years—since the outbreak of the Soweto riots in 1976—journalists, especially Black ones, have earned the particular attention of the security police, and several have been detained for many months, before being subsequently banned (legally silenced and restricted). In most cases, no charges were ever brought. In October 1977, the two leading Black newspapers—World and Weekend World—were banned, along with Pro Veritate, a church newspaper. Individual editions of other newspapers have since been repeatedly banned, particularly The Voice, a Black Christian newspaper in Johannesburg, The Nation, official newspaper of Inkatha, the Zulu politico-cultural movement, and most recently Varsity, the Cape Town student newspaper, which has been permanently banned. The state, and leading members of the Government, have brought a spate of law suits against various newspapers for defamation, contempt and criminal defamation, although virtually all have been lost. Above all, the cumulative effect has been to encourage self-censorship in the press.

Prime target of the onslaught is the Black press, which has been stunted in its growth by continual legislative harassment, and the White liberal English-language press. The broadcasting system is no more than a propaganda arm of Government, both radio (including Black vernacular services) and television. The Afrikaans press is unanimously Government-supporting. The latest salvo of legislation, culminating in the Advocate General Bill, has at least briefly united the unikely allies of English and Afrikaans press.

What is still unclear is just what persuaded Mr. Botha finally to abandon the most *drastic Press gagging clause in* the Bill, when he had earlier dismissed the opposition to it as "hysterical screaming." Government thinking seems to be that it can gain a more effective silence through self-censorship, introduced by newspapers themselves to ward off more directly restrictive legislation. "The big danger comes from within," Mr. Stuart says. "There is a great danger that newspapers will just rule off whole areas as taboo."

Such a situation has already arisen with such sensitive issues as Defence and Prisons. The new Police Act is likely to bring coverage of police activities into *the same uncritical arena,* where all that is published is official comment. The opposition Press already admits that there are two forms of Press curbs: those which are justifiable in the interests of national *security—about defence, oil* supplies, or atomic energy—and those which are not justifiable, restricting coverage of domestic political issues, such as police brutality or corruption in government. But Mr. Botha seems to be arguing that in the "total onslaught" against his country, such a distinction can no longer be drawn.

That mentality has wide currency within the Government, and increasing support outside the immediate circle of the National Party, as the White population of South Africa feels increasingly threatened by a hostile world.

Although the Nationalist press has hailed Mr. Botha's concession on the Advocate General Bill as a major victory, there is some concern that curbing the press could actually threaten the stability of the system. "South Africa's free press was definitely one of the factors which brought a balance and provided a pressure valve in a situation in which the Afrikaner minority rules over a number of other national groups," Mr. Otto Krause, a leading Nationalist commentator, wrote recently. "Why throw this wisdom overboard after 30 years? The envisaged legislation will encourage other groups to seek confrontation, because they are denied press criticism."

Desai threatens detentions as unrest worsens

NEW DELHI—Mr. Morarji Desai, Prime Minister of India, said yesterday that his Government wanted to reintroduce preventive detention to deal with growing unrest in the country. He said his Government would not be intimidated and would deal firmly with widespread police strikes and bloody communal riots.

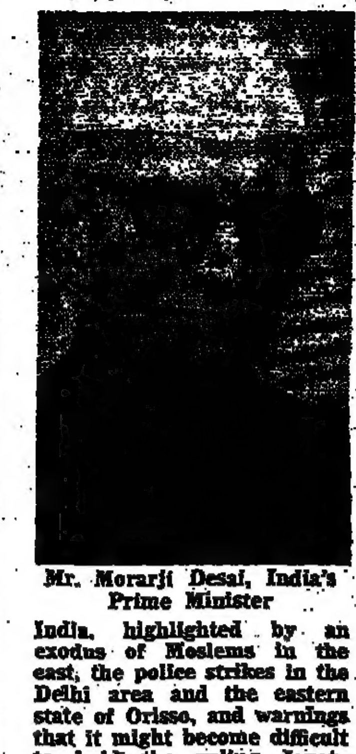
Earlier in the day 19 policemen were killed in gun battles with troops after the Indian army was ordered in to break a wave of police strikes. Two soldiers were also killed in army raids on striking policemen in camps in New Delhi and Northern Bihar State.

Mr. Desai said he would like to revive the old Preventive Detention Act, but it would have safeguards, unlike the Maintenance of Internal Security Act under which Mrs. Indira Gandhi, the former Prime Minister, jailed her political opponents during her 1975 emergency rule.

The Preventive Detention Act would provide for reasons to be given to detainees for their imprisonment, they would have access to the courts and detention orders would be subject to review by judicial committees.

Mr. Desai strongly denied that bringing back preventive detention was another move by the Janata Government to by-pass normal judicial procedure. The Government has already set up special courts to try Mrs. Gandhi and others for alleged offences committed during the emergency.

Mr. Desai's bi-annual Press conference was planned to coincide with his return from a 12-day European tour that took him to the Soviet Union, Poland, Czechoslovakia, Yugoslavia and West Germany.



Mr. Morarji Desai, India's Prime Minister

But the general unrest in India, highlighted by an exodus of Moslems in the east, the police strikes in the Delhi area and the eastern state of Orisso, and warnings that it might become difficult to hold the ruling Janata Party together, is the focus of attention.

Hindu-Moslem riots in the Nadia district of West Bengal have left 32 dead, according to the Statesman newspaper in Calcutta.

In Dacca, Shah Izizur Rahman, Prime Minister of Bangladesh, said that more than 15,000 Indian Moslem refugees has crossed into the country. Unofficial reports put the number as high as 25,000.

In the northern Indian cities of Aligarh and Jamshedpur, where about 150 people have been killed in communal violence since October, a curfew has been reimposed.

Reuter

Cars stoned as Kampala demonstrators back Lule

BY JOHN WORRALL IN NAIROBI

DEMONSTRATORS stoned cars, set fire to car tyres, and put up road-blocks in renewed unrest in the Ugandan capital, Kampala, yesterday as crowds continued to express support for ex-President Yusufu Lule.

There were attempts to organise a general strike in the city. Garages refused to sell petrol. Some offices closed. Some shops failed to open and crowds tried to stop food lorries entering the city.

Mr. Lule, who was replaced by Mr. Godfrey Binaisa last week, was taken under escort to Dar es Salaam, but reports that he is there under duress were denied yesterday.

According to Uganda Radio Mr. Yoweri Mseveni, the Defence Minister, was attacked by demonstrators outside Kampala but was unhurt. A police station was also attacked.

The strike was said to have been organised by underground groups who distributed leaflets during the night attacking Binaisa and demanding Lule's return. One group, according to the radio, is called the International Front of Underground Liberators. Two organisers were said to be in police custody, one of them being Mr. Mayanja Ngangi, a Prime Minister in the former Kingdom of Uganda.

Mr. Paulo Mwanga, Internal Affairs Minister, issued a warning that all steps would be taken to maintain law and order. But it is understood that popular support for Lule is spreading.

● Mr. Bob Astles, 55, British-born aide to ex-President Amin, was remanded in custody by a Kampala magistrate yesterday on charges of robbery and theft, involving a car. Mr. Astles has already been remanded on a *charge of murder.*

Harlech expected to seek talks with Muzorewa

BY MARTIN DICKSON

LORD HARLECH, Britain's special envoy on Rhodesia, is expected to visit Salisbury soon for important talks with Bishop Abel Muzorewa which are designed to revive momentum for an internationally approved settlement.

Lord Harlech seems certain to try to persuade Bishop Muzorewa and the white members of his Cabinet to change the constitution of *Zimbabwe* Rhodesia, which is the subject of strong international hostility.

The Government's strategy towards Rhodesia was reviewed yesterday at a meeting in London between Lord Carrington, Foreign Secretary, and two British envoys, Lord Harlech, who has just returned from a visit to seven black African states, and Mr. Derek Day, London's semi-permanent representative in Salisbury. Lords Carrington and Harlech will hold further discussions today with Mrs. Thatcher, the Prime Minister.

Lord Harlech and other British representatives have found strong hostility across Africa, even from relatively moderate states, to the new constitution of Zimbabwe Rhodesia, which leaves whites with a degree of power out of proportion to their numbers.

Whites have a quarter of the seats in Bishop Muzorewa's Cabinet and control over the civil service, judiciary and security forces has been placed in the hands of white-led commissions.

The British Government now seems to believe that changes in the constitution are vital if Zimbabwe Rhodesia is to stand any chance of international recognition—and it evidently believes that moves on the constitution could pave the way for a fresh round of negotiations between the Salisbury Government and the Patriotic Front guerrilla movement, which opposes the internal settlement.

However, Bishop Muzorewa may be in no mood to compromise, although the defection of eight members of his United African National Council party last week and the resultant weakening of his position could make him more amenable to British overtures.

Meanwhile, Lord Carrington yesterday held talks on both Rhodesia and Namibia with Mr. Andrew Young, the U.S. Ambassador to the United Nations.

Vietnamese team in China for border negotiations

BY JOHN HOFFMANN IN PEKING

A HIGH-LEVEL Vietnamese *delegation arrived in Peking* from Vietnam yesterday to prepare for the resumption of talks on territorial and refugee disputes. The first round of talks ended in Hanoi last month without even an agreement on the terms of reference.

China has rejected a Vietnamese proposal for discussions on a demilitarised zone on the Sino-Vietnamese border and has put forward an eight-point agenda which Vietnam refuses to accept.

Among China's requirements are the withdrawal of Vietnamese troops from Kampuchea and the resettlement by Vietnam of 230,000 refugees who have fled into southern Chinese provinces since early last year.

The atmosphere is already tense. In the past week both Governments have made accusations of further armed provocations at the border.

'rice controls in Ghana nay cause food shortages

IARK WEBSTER

A FACES acute food es in urban centres dwindling stocks are l soon, economists and ts here believe. Ghana's military rulers have made approaches to governments to ask for l, a military spokesman

itant profits

the Armed Forces onary Council (AFRC) rol of the country in a ree weeks ago it has cing traders and shop- to sell at the official ed price. Previously ms had changed hands above the official price, g both scarcity and nt profits in the ive trade.

he AFRC's move has scribed as "economic by one economist here it has dramatically d consumption when were already tight. As the local markets are be running out of food.

is in no position to l abroad. Estimates of exchange reserves in ral bank are hard to y, but most observers that gross foreign reserves are between $100m and $150m, which is less than one month's imports bill.

The AFRC's campaign has been greeted enthusiastically by the populace. They have been encouraged to report anyone they suspect of hoarding or profiteering so they can be tried before "People's Courts." Those found guilty face penalties ranging from death by firing squad to flogging and confiscation of goods.

Newspapers have also reported incidents of soldiers taking justice into their own hands. The AFRC has decreed that anyone found guilty of hoarding should have his house blown up, traders who overcharge should be flogged and anyone not opening his shop as usual should have his goods confiscated and the shop burnt down.

Harassment

There have been incidents of harassment in the markets, with soldiers obliging traders to sell at even below the controlled price. It is thought that farmers are no longer bringing their produce to market because of the intimidation and the low prices.

Flight-Lieutenant Jerry Rawlings, the chairman of the AFRC, yesterday issued a plea to the market women who form the backbone of Ghana's retail trade to carry on selling as normal.

The enforcement of price controls is in direct opposition to the stabilisation agreement reached between the former military regime of General Fred Akuffo and the International Monetary Fund last year.

Mismanagement

The Fund advocated allowing prices to find their own level to reflect supply. Economists agree that enforcing the controls even further distorts an economy which is almost a textbook case in mismanagement.

Previous years have been characterised by increasingly large budgetary deficits, financed by printing money, three figure inflation, widespread shortages and a general rundown in all the productive sectors of the economy.

Ghana is technically in breach of its agreement with the IMF because the coup interrupted a series of policy review talks, but most people are sceptical that anything short of a complete overhaul of the economy will prevent Ghana from collapse.

Discount oil for Third World urged

TERHAN — Mr. Hassan Nazih, chairman of the National Iranian Oil Company, issued a call yesterday for the Organisation of Petroleum Exporting Countries to sell oil at a discount to developing countries.

Mr. Nazih, who was speaking at Tehran airport before leaving for the OPEC conference in Geneva, said NIOC might sell crude to the Third World at a reduced price.

"As long as the Iranian Government agrees, NIOC can reduce the price of oil for developing nations. Of course, it would be better if all the OPEC members agreed to do this," he said.

Mr. Nazih said he hoped that the Geneva meeting would yield a reasonable price for oil and said it was possible that it might rise to above $20 a barrel. At present the OPEC price stands at $14.54 a barrel. "However, I think it always appropriate for Iran to impose a surcharge."

Iran has twice raised the price of its crude since fixing the term contract value of its oil exports last April. Iranian light crude now costs $18.47 a barrel.

Mr. Nazih said he was worried by the high price oil was fetching on the Rotterdam spot market.

Reuter

ENERGY CONFERENCE IN MONTREUX

Hoarders push up oil prices

BY KEVIN DONE, ENERGY CORRESPONDENT

OIL CONSUMING countries have forced up crude oil prices on the spot market by moving too fast to rebuild stocks for next winter, Dr. Ulf Lantzke, executive director the International Energy Agency, said yesterday.

"In the second quarter of the year some countries have been too eager to rebuild stocks and this has contributed to the tightness of the market. At the moment we are building stocks too fast and this has added to market pressures in Rotterdam and the Caribbean," he said.

The present IEA target of reaching overall stock levels equal to a 90-day supply by January next year was sufficient to give most oil-consuming countries a temporary cushion against disruption in supplies, said Dr. Lantzke, but there was a need for higher stock levels in the U.S.

The U.S. needs at least 65 days working stocks just to ensure normal uninterrupted supplies of oil products to consumers, compared with the minimum levels of 35 to 45 days working stocks needed in other IEA countries, according to Dr. Lantzke.

The IEA is a group of 20 major oil consuming nations, with the exception of France, which was set up in the wake of the 1973-74 oil crisis. The industrialised world had spent $10bn to $15bn to build stocks to present levels.

Crude oil prices had risen by an average of 34 per cent since the beginning of the year according to the IEA's latest calculations, said Dr. Lantzke.

Addressing a conference in Montreux on the outlook of oil

supplies in the 1980s, the IEA director called on oil-consuming countries to take speedier action to cut oil demand by at least five per cent. Plans for cutting consumption had been prepared but countries were still "lagging behind" in implementing conservation programmes.

Dr. Fahdio Al-Chalabi, deputy general secretary of the Organisation of Petroleum Exporting Countries, told the conference that in future the oil-producing countries would increasingly gear the level of crude oil output to the pace of their own domestic economic development. OPEC countries would only feel an incentive to raise output and invest in extra production capacity if the higher oil revenues could be translated into additional national assets.

Dr. Al-Chalabi emphasised that money not used for economic and social development depreciated rapidly, and represented a net loss for OPEC members as their oil reserves diminished.

● **AP-DJ adds from Bonn:** West German Economics Minister Otto Graf Lambsdorf has said he doesn't expect petrod rationing in West Germany because the country has sufficient stockpiles. Lanasdorf said in an interview with the magazine "Bunte" that besides being unnecessary because of sufficient stockpiles, a system of ration cards for petrol would lead to a high-priced black market and other iniquities. There were no grounds presently even to think about ration cards, Mr. Lanasdorf told the popular illustrated weekly.

● **Reuter adds from Ottawa:** Canadian Prime Minister Joe Clark has denied a report in a Japanese newspaper that he will pledge a 7 per cent cut in Canadian energy consumption, the Canadian Press news agency reported on Monday.

U.S. court to rule on OPEC

By David Lascelles in New York

A CALIFORNIA court case, which started as one of the country's more bizarre anti-trust actions, has suddenly gripped public attention because it could profoundly affect U.S. relations with the Organisation of Petroleum Exporting Countries.

The suit, filed last December by the International Association of Machinists, accused a OPEC of price-fixing and other anti-trust offences. The trade union asked the court to award damages and ban OPEC from passing on any further oil price increases to the U.S. market. The State Department was obliged to serve notices of the action on OPEC countries, but none has appeared in court.

The machinists have had little trouble proving that OPEC operates a cartel within the meaning of the Act. Legal arguments have turned instead on whether the court has jurisdiction in the case. The machinists' lawyers pointed to earlier cases where judges have ruled that foreign activities are subject to U.S. anti-trust legislation if they affect U.S. interests.

Should the court find in the machinists' favour and award damages, OPEC countries could decide to withdraw billions of dollars' worth of assets from the U.S. to prevent their being seized.

ark defuses row over l Aviv embassy move

CTOR MACKIE IN OTTAWA

CLARK, the Canadian inister, has defused the n embassy issue by ng Mr. Robert Stanfield, r Conservative Party to head a fact-finding to the Middle East. He cated that the proposed years away.

rime Minister's decision sured Arab envoys in But Mr. Mordechai he Israeli Ambassador, r a meeting with Mr. Sunday night that he o discuss details of the inister's plan with his ernment before react-

plauded Mr. Clark for by his decision to move adian embassy in Israel l Aviv to Jerusalem, ugh the move now some years away.

Hassan Fahmy, the Ambassador, said he tly relieved when Mr. ld him he would be g Mr. Stanfield to carry thorough fact-finding

Mr. Fahmy also noted with approval the statement by Mr. Clark that the Jerusalem embassy move must be "compatible with the efforts that are being made to achieve a comprehensive peace settlement in the Middle East."

The Arabs have said repeatedly that transferring the embassy would undermine peace efforts. Ambassadors representing the Arab League states also met Mr. Clark and said they were pleased with their discussions.

Mr. Clark indicated that the Stanfield mission would not be completed until next year. Mr. Stanfield, who did not seek election in the federal election in May, will start work in September and is expected to begin consultations outside Canada in the autumn.

Mr. Clark said he wanted to develop Canadian relations with Arab countries in all fields—polititical, economic, technological and cultural—to their mutual and continuing benefit.

ael starting on more est Bank settlements

AVID LENNON IN TEL AVIV

VILL start on two new settlements on the West Bank in the next s, even as Israeli and negotiators resume ks on the future of the territories.

new settlements, in to two which were n the past three weeks, e the Government's ation to transfer more the West Bank to pre- territory being used sis for a Palestinian

utonomy talks opened la, north of Tel Aviv, r with the sides still agreement on the for their discussions, e designed to lead to self-rule for the Palestinians on the West Bank and Gaza Strip.

Dr. Mustapha Khalil, Prime Minister, headed the Egyptian team to the talks, which are part of a series of bi-weekly meetings held alternately in Israel and Egypt. The talks started six weeks ago, but so far the two sides have been unable even to agree on an agenda for the discussions, in which a U.S. team is also participating.

Ghson Hijazi adds from Beirut: Five towns in southern Lebanon were shelled by Israeli artillery yesterday after an Israeli announcement that Katyusha rockets had been fired from Lebanon earlier in the day into a settlement in northern Israel.

'S INSURANCE INDUSTRY

overnment 'rescues' uggling companies

NDREW WHITLEY IN TEHRAN

ANIAN insurance busi- highly profitable and g fast up to 1975, has truggling ever since, rofits sharply reduced eral wholly Iranian and nture companies said to bankruptcy at times. To tent their nationalisa- terday can legitimately resented as a rescue n.

were hard hit by the of disturbances leading he February revolution, use of heavy claims, but sult of the collapse of most lucrative sector, insurance, which used to for over half of all s.

laims have been met out of the anti-Shah and arson, saving the c industry and the re- , mainly in London and land, from potentially us losses. The industry the civil strife exclu- ause in their policies back to November last hen a wave of arson hit

Government dominated lustry in the past by g insurance on all ment development pro- nd defence contracts to ed with the state com- Bimeh Iran. Bimeh Iran nefited from the mandatory 25 per cent reinsurance requirement on all commercial business.

There were 10 privately-owned insurance companies: six with 20 per cent foreign shareholdings and one, Iran-America, with 35 per cent. Their total invested capital was a relatively small 800m rials ($11.4m).

Apart from its associate arrangement with Alborz Insurance, Yorkshire Insurance, by far the longest established of the foreign insurance companies, also had a 20 per cent stake in Alborz itself. Like others, its premium income had dropped by nearly two-thirds since the revolution and Alborz was being kept going by its investment earnings, mainly from government bonds.

Among the other joint ventures were: Bimeh Shargh, in which the Insurance Company of North America had a $750,000 stake; Dana Insurance, in which Commercial Union had 20 per cent; Hafez Insurance, in which the Royal Assurance Group had 10 per cent, along with 10 per cent from the Continental Insurance Company of the U.S.; Tehran Insurance, with a 20 per cent holding by Assurance Generale de France and Pars Insurance, with 20 per cent held by a group of Italian, Lebanese and German companies.

AMERICAN NEWS

WORLD TRADE NEWS

Savings blow for housing

BY STEWART FLEMING IN NEW YORK

SAVINGS inflows into institutions which finance U.S. housing weakened for the second consecutive month in May, raising new fears over the housing market and interest rates on home loans.

At the same time, savers invested record amounts in the rapidly growing money market mutual funds which have become a prime alternative because of their high rates of interest and more flexible withdrawal terms.

Savings banks experienced their worst-ever May, registering a net outflow of deposits of $300m, while savings and loan associations, which provide most of the finance for housing, recorded a net savings inflow of only $1.2bn. In April the latter suffered net withdrawals of $1.5bn.

In sharp contrast to the declining attractions of traditional savings institutions, investors pumped a record $2.9bn into money market mutual funds, which invest primarily in money market instruments such as certificates of deposit and commercial paper.

There is concern that if these trends continue over the next three or four months, some savings institutions could come under severe financial pressure and a drought of mortgage funds could produce a severe recession in the housing market.

A number of factors account for the shift in the flows of savings. Thrift institutions have become less attractive following moves earlier this year to reduce interest rates on the popular six months savings certificates.

The impact of this decision has been exaggerated by declines in Treasury Bill interest rates. As a result, the money market funds are now offering investors as much as 10 per cent on their funds compared with only 9 per cent on the most attractive thrift institution product, the six month savings certificate.

Advance buying slows

BY JOHN WYLES IN NEW YORK

THE U.S. economy slowed sharply because consumers have stopped trying to beat inflation by purchasing new cars and houses earlier than they might otherwise have done, according to the University of Michigan's latest survey of consumer sentiment.

Advance purchasing was held by many economists to have been an important factor in the economy's strong 7 per cent real growth in the final quarter of last year. But Michigan's Survey Research Centre says people are postponing buying new cars because of high prices. Demand for housing is sinking because of high interest rates.

The university researchers see the lack of buying in advance as an indication that the U.S. recession may already have arrived, although the decline in new car sales could be caused by petrol shortages or a falling trend in consumer spending.

Michigan's index of consumer sentiment is continuing the decline which began in June, 1977, after the index had peaked at 89.1. Last month's survey of 1,251 consumers produced a reading of 68.1, nearly six points lower than the last survey in February.

Kennedy wins more support

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE DEMOCRATIC Party's liberal wing has lent its support to the movement to draft Senator Edward Kennedy from Massachusetts for the Presidential nomination next year.

But the weekend convention of the Americans for Democratic Action, in rejecting some of the more sharply worded motions condemning President Carter's conservative economic and social policies, also left open the possibility of endorsement of the President next year if no acceptable alternative were available.

In Tokyo, Mr. Jody Powell, the Presidential Press secretary, wryly remarked that Mr. Carter would try to do his best without the ADA next year. The White House had in fact long been resigned to the ADA's hostility and believes that its electoral clout may be overrated.

The final ADA motion called for the creation of "an irresistible national mandate" for Senator Kennedy. If he does not run (he has on numerous occasions said he will not) then the ADA promised to find "an alternative progressive candidate" to oppose Mr. Carter in next year's primaries.

Mr. Joseph Rauh, the Washington lawyer and long-time ADA driving force, said that the motion represented a compromise between "some people who want to say something bad about Jimmy Carter and those who want to do something about it."

There is no evidence yet that the ADA will succeed in winkling out of Senator Kennedy, whose own liberal credentials are considered impeccable, anything other than a repetition of his constant statement that he expects Mr. Carter to run and be renominated and that he will support him in the Presidential elections.

The latest Gallup Poll, produced over the weekend, confirmed again Mr. Kennedy's substantial lead over Mr. Carter in the preference of Democrats and the President's still sizeable edge over Mr. Brown. Mr. Kennedy's margin was a huge 62 to 24 per cent, while Mr. Carter won a putative contest with Mr. Brown by 48 to 34 per cent: in both cases, however, the President's position had weakened since the previous poll in April.

DC-10s flying again 'in two weeks'

BY JOHN WYLES IN NEW YORK

HEARINGS opened in Los Angeles yesterday on McDonnell Douglas' appeal against the Federal Aviation Administration's order grounding all U.S. registered DC-10s amid reports that the domestic fleet could be flying again in about two weeks.

A report in yesterday's New York Times quoted unnamed Government officials giving the first precise indication of how much longer the 138 DC-10s operated by U.S. carriers, which were grounded on June 6, may remain inactive.

It suggested that "if everything goes right" the aircraft would be allowed to fly again on the basis of a rigorous programme of engine mounting inspections which would have to be carried out until the manufacturer designs improvements in the aircraft's structure.

However, the Federal Aviation Administration refused yesterday to speculate on when it might restore the DC-10's certificate of airworthiness. Nor would it indicate how close to a conclusion were its studies of the aircraft.

The Los Angeles hearings on McDonnell Douglas' appeal are unlikely to restore the U.S. Fleet to operations any earlier than two-week estimate published by the New York Times.

During congressional hearings last week, McDonnell Douglas claimed that the DC-10 need no longer be grounded because inspections of engine mounts were now adequate to prevent a repetition of the May 25 Chicago crash which killed 273 people. According to the New York Times, Dr. Raymond Bisplinghoff, an aeronautical engineer retained by the FAA, had designed a new inspection programme.

He had reportedly concluded that the Chicago crash followed the failure of the rearmost of three mechanisms which attached the pylon-engine assembly to the wing. This aft bulkhead on the American Airlines jet which crashed in Chicago had initially been damaged during maintenance and this led to the pylon and the engine being torn from the plane during takeoff.

Somoza 'ready to talk' to OAS

BY HUGH O'SHAUGHNESSY

GEN. ANASTASIO SOMOZA is prepared to consider proposals by members of the Organisation of American States for the solution of the present Nicaraguan crisis "on democratic, just and permanent bases."

The Nicaraguan President was speaking by radio from his bunker in Managua. Despite an apparent softening in his attitude in the wake of his massive diplomatic defeat at the OAS Ministerial meeting in Washington on Saturday, Gen. Somoza still appears to be insisting that he should continue in power until 1981.

There is a feeling among some senior figures in his National Guard that he should go sooner. The guard however, continues to battle on against the Sandinista guerrillas and the popular insurrection, not least out of fear of what might await it after a guerrilla victory. Fighting continues in most parts of Nicaragua. Leon, the second city, Masaya, Diriamba, and Matagalpa are in insurgent hands, while the struggle continues for Managua and for Rivas, near the Costa Rican border.

According to a senior official of one of the international lending agencies, the decision of the International Monetary Fund earlier this month to give Gen. Somoza a $67m facility has not resulted in the hoped for inflow of private bank funds. The country's financial position is now desperate and the IMF facility is, according to the official, no more than "a drop in the ocean."

At the end of last year Nicaragua's public sector foreign debt was put at $1bn of which $407m was to foreign commercial banks. The net international reserve position was in deficit, liabilities amounting to $283m against assets in currency and the like of only $85m. Of this overall deficit of $203m, some $53.2m was on the account of Nicaraguan commercial banks.

Caribbean states set up regional police force

By David Renwick in Trinidad

THE NEW "revolutionary" Government in Grenada may not realise it, but it has been indirectly responsible for the haste with which the other smaller islands in Caricom have decided to come together to form their Organisation of Eastern Caribbean States (OECS).

The treaty establishing OECS is expected to come into effect at the end of this month, at which time the Council of the West Indies Associated States will go out of existence.

The new organisation was conceived before the March coup which ousted Mr. Eric Gairy, Prime Minister of Grenada, in response to the need for co-operation among very small islands which were becoming independent but had limited visible means of support.

But what happened in Grenada, with its potential for repetition elsewhere in the region, has encouraged them to bring forward their plans for close post-independence collaboration, with special reference to a new consideration—joint arrangements for security.

Radical groups

In most of the islands concerned—St. Lucia, Dominica, St. Vincent, Antigua, St. Kitts-Nevis and Montserrat—there are political groups of diverse strength and influence espousing varying brands of radicalism. The incumbent governments are understandably not anxious for any of them to attempt to adopt the "Granada solution."

The new regional police force that will be formed as an integral part of the eastern Caribbean organisation is designed to dissuade anyone wishing to emulate Mr. Maurice Bishop (the new Grenadan leader) from contemplating a coup.

The regional force will be drawn from police bodies in all of the six territories concerned. (Though Grenada will be technically part of OECS, it is unlikely to be involved in this aspect of the organisation's work.) A Commissioner-General will control the force. He will enjoy the status and privileges of a cabinet minister in all of the islands which belong.

The Commissioner is not expected to have more than about 120 policemen on whom he can call in an emergency, but he will have freedom to be able to direct them into action to deal with any internal armed threat to the integrity of the elected governments.

The weak financial position of all the governments involved means that the regional force will be obliged to depend on other governments for its transport and naval support.

It may be a sign of the lack of common agreement on such matters in the context of the wider Caricom association that the OECS members did not approach their bigger bretheren, Trinidad and Tobago, Jamaica or Guyana, for such assistance, but have turned instead to Britain, Canada and the U.S.

Cuban arms

It is possible, however, that Barbados, whose coast guard already helps one or two of the smaller islands with fisheries protection, may be persuaded to provide transport.

What worries the OECS leaders most is the build-up of Cuban arms and ammunition in Grenada. The new Government has made no secret of the fact that it asked for, and obtained, defence help from President Fidel Castro, of Cuba, but claimed it did so in the face of a possible countercoup by Mr. Gairy (now living in San Diego, California) and after traditional Western sources, such as the U.S. had shown no inclination to help.

The arms have been quietly followed by practical demonstrations of Cuban willingness to extend as much assistance as the new Government wants. A team from Havana has already studied Grenada's needs in such fields as road construction, health, fisheries, water and town planning, and economic and technical aid is expected shortly.

Whether Cuba will use its Grenada connection to extend support to other radical movements elsewhere in the smaller Caricom islands is obviously unknown at this stage, but it is a possibility that the OECS leaders are taking seriously.

Dominicans pick up the pieces

BY TONY COZIER IN BARBADOS

LIFE IS returning to normal on the Caribbean island of Dominica, following the political crisis which brought violent street demonstrations, a crippling general strike, a constitutional dilemma and, finally, the removal from office last Thursday of Mr. Patrick John, the Prime Minister.

Mr. Oliver Seraphine, a former member of Mr. John's Cabinet who had resigned at the start of the troubles, was sworn in as head of an interim government by Mr. L. A. Pinnard, the newly-appointed President. Mr. Seraphine's multi-party administration will remain in office until elections are organised.

The general strike has ended, and Mr. Seraphine has appealed to the population of 90,000 to get the impoverished agriculture-based economy running again.

Mr. John, a 42-year-old former school teacher who came to office in 1971, has remained adamant that he is still legally the Prime Minister. In the attempt to remove him, two people died in demonstrations against legislation limiting the right to strike and tightening libel laws. One person was shot by soldiers and an infant suffocated by tear gas. A fire ignored by striking firemen destroyed several buildings in Roseau, the capital, including the Government Registry.

Although Mr. John had lost his support in the assembly, he clung to power because the office of President remained vacant and there was no one in authority to sanction a replacement. Mr. Fred Degazon, the original President, went to Britain at the height of the troubles.

When Sir Louis Cools Lartique was appointed president, demonstrators attacked his home, burned his car, and he resigned after a day. Mr. John then attempted to have Mr. Jeremy Armour installed, but this was blocked and the assembly finally managed legally to appoint Mr. Pinnard, a former civil servant.

Agriculture gains in 1979 Chinese investment plan

CHINA WILL devote to agriculture 14 per cent of the planned $32bn (£15.1bn) investment in construction projects in 1979, according to further details of the 1979 national economic plan reported by the New China News Agency.

Yu Qiuli, the Chinese vice-Premier, said when the plan was presented to the Chinese Parliament on Thursday that $25bn of the $32bn would come from the State and the rest from local authorities.

Agriculture would receive 14 per cent of the total compared with 10.7 per cent last year. The money would be spent on 85 water conservation projects, funds for animal husbandry, forestry and land reclamation.

Light and textile industries are to receive 5.8 per cent against 5.4 per cent last year and heavy industry 46.8 per cent against 54.7 per cent in 1978.

Investments in light industry includes 12 sugar refineries, seven paper mills, three cotton textile mills, and five chemical fibre plants.

In heavy industry, the funds would go into eight new coal bases, two hydro and six thermal power plants each, and one cement works.

When completed, the projects would enable China to produce an extra 13.6m tonnes of coal, 8m tonnes of petroleum, 870,000 tonnes of nitrogenous fertiliser, 1.47m cubic metres of timber, 2m tonnes of cement and 250,000 tonnes of sugar annually, the agency reported.

In a speech published yesterday Chairman Hua Guofeng said companies making losses will have to start making profits within a year or stop production and undergo a shakeup. They will get no government subsidies or bank credits, he said.

Industry must turn out more and better goods for local and foreign needs, and defence industries must produce consumer durables after meeting military requirements.

The government had set aside three years to redress imbalances in the economy, and the 1981 Congress would be given a new five-year plan covering 1981-85.

Meanwhile the People's Daily Newspaper reported that more than 300 agreements for processing and assembly of goods worth about $300m have been signed by production units in the southern province of Guangdong with foreign companies to the end of February this year.

Most of the deals are concluded on the basis of compensatory trade, whereby the foreign company supplies the materials and the equipment and receives the finished product instead of cash because of China's shortage of foreign exchange.

Guangdong production units began accepting foreign assembly and processing business in June last year, mostly from Hong Kong companies.

Most of the deals are concluded on the basis of compensatory trade, whereby the foreign firm supplies the materials and the equipment and receives the finished product instead of cash because of China's shortage of foreign exchange.

Reuter

Washington outlines tariff cuts

WASHINGTON — The Carter Administration has disclosed the details of the tariff reductions it and its major trading partners have agreed upon after years of haggling in Geneva.

On average for industrial goods, the U.S. has agreed to about a 31 per cent cut, the European Community 27 per cent, Japan 28 per cent and Canada 34 per cent. Although the percentages appear large, the money amounts of the cuts are relatively small. Most will be phased in over eight years beginning on January 1. The U.S. Special Trade Representative, Mr. Robert Strauss, said the process would gradually produce more competitive market conditions without any abrupt business or worker displacement.

He said that negotiators in this round of trade negotiations had concentrated 80 per cent of their energies on lowering non-tariff barriers to trade, such as Government export subsidies.

Unlike the Geneva deal on the non-tariff barriers, the tariff cuts do not have to be approved by Congress. But every country, including the U.S., took special care to protect certain "sensitive" industries from sharp tariff reductions. For example, U.S. cuts on textiles, steel and some chemical items will not take place until the start of 1982.

In some other industries, such as cars, the remaining U.S. tariffs are so low that they will be eliminated altogether by January 1.

Although the Carter Administration agreed with the other nations on the tariff cuts in mid-April, it took until now to make a summary of the cuts available to the public. The summary covers 26 broad categories that make up the bulk of non-agricultural world trade.

Details of the tariff cuts, as well as U.S. bilateral agreements with some developing countries, will be made available later.

AP-DJ.

Anger over Philippine guidelines

BY DANIEL NELSON IN MANILA

CHAMBERS OF commerce representing overseas companies are preparing for a new round in their struggle with the Government over proposed rules covering trademark, franchising and technology transfer agreements.

The Chambers consider that the proposed guidelines would act as a major impediment to foreign investment and hamper industrial development.

"The rigidity of the guidelines," says Mr. D. G. Harrison, manager of the Hongkong and Shanghai Bank here and president of the European Chamber of Commerce, "may well result in planned investment targets not being met . . . with adverse repercussions on the economy."

The American, European and Japanese chambers are now organising themselves for a July seminar, at which both bureaucrats and executives will argue their cases.

The controversy is of interest throughout the Third World as an increasing number of developing country Governments attempt to grapple with the same problems.

The new guidelines are designed to stem the outflow of foreign exchange, build up local research facilities and help local products compete against foreign brands.

According to the Central Bank, disbursements for copyright, patents and royalties totalled $17.4m in first quarter 1978 and $5m in first quarter 1979, while receipts for the comparable periods amounted to $1.01m and nil respectively.

Proposals opposed by the Chambers include bans on new agreements involving the use of foreign trademarks intended solely for the domestic market, on renewal of existing trademark agreements between subsidiaries and parent companies, insistence that, where possible, local technology recipients establish research and development facilities and a programme for phasing out royalty payments for non-Philippine patented technology owned by the parent company before allowing renewal of agreements between parent companies and subsidiaries.

The European Chamber said that little positive had emerged from a meeting with the Transfer Technology Board in May. Apparent concessions by the board were "vague in the extreme," and "we were left with the impressions that good faith would have to be relied upon."

HK deficit increases 38%

HONG KONG—Hong Kong's external trade for the first four months this year totalled HK$44.7bn (£4.3bn), an increase of 38 per cent over the corresponding period in 1978, AP-DJ reports from Hong Kong. Government figures showed that exports were valued at HK$20bn, a rise of 39 per cent over the same period last year, while imports rose by 37 per cent to reach HK$24.7bn.

Swiss embroidery

EXPORTS of the Swiss embroidery industry rose 3.5 per cent to SwFr 204.6m (£58m) last year, according to Stickerei-Treuhand-Genossenschaft, the industry's association. John Wicks writes from Zurich. Some 95 per cent of all Swiss embroidery products are sold abroad, with exports rising particularly in EEC countries and Asia.

Soviet first quarter deficit with West rises 20%

BY DAVID SATTER IN MOSCOW

THE Soviet Union's first quarter deficit this year with the West was higher than any quarter since 1976. Western economic experts are predicting another big Soviet deficit with the West for the whole of this year.

Figures just released show the Soviet deficit with the West for the first three months of 1979 at Rs 1.3bn (£962m), 20 per cent more than last year's first quarter deficit, which was Rs 1.1bn.

The figures may soon worsen, however, because the deficit during the first quarter last year was attributable to sizeable grain purchases, and it is thought that this year, the impact of big grain purchases on the figures is still to be felt.

The Soviet figures show a 14 per cent decline during the first quarter in Soviet imports from the U.S., the USSR's principal grain supplier, although the total grain purchases from the U.S. by the end of the buying year are expected to be at the same level as in 1978.

As in the past, the Soviet deficit with the West was partially made up with surpluses in trade with the socialist countries and the Third World. The surplus with the countries was Rs 456bn, which may have been accounted for by higher prices for Soviet oil, and the surplus with the Third World was Rs 577bn.

Overall, Soviet trade was in deficit by Rs 284bn during the first quarter with the share of total trade of the socialist countries increasing by 6 per cent, that of the industrial capitalist countries increasing by 4 per cent and the share of the Third World falling by 9 per cent.

PLASTICS INDUSTRY

Competition for feedstock grows

BY SUE CAMERON, CHEMICALS CORRESPONDENT

EUROPEAN plastics manufacturers are beginning to face up to the possibility of a confrontation with the major oil companies over supplies of naphtha, the raw material vital for both the petrochemical industry and petrol production.

The conflicting interests of the chemical and petrol industries were highlighted last week at a meeting in Amsterdam of the Association of Plastics Manufacturers in Europe.

Mr. Hans Meiner of Ciba-Geigy, the president of the association, spoke bitterly of the chemical industry's current plight.

"The prices for feedstocks essential to the plastics industry—naphtha and its derivatives, the olefins and the aromatics—have risen out of proportion to crude oil prices," he said.

"The manufacturers of plastics compete directly for supplies of these light fractions of crude oil with the manufacturers of other products, notably petrol. As we have seen only too clearly in recent months, keeping the filling stations supplied with petrol is a top political priority to which, unfortunately and to the detriment of the overall economy, maintaining the supply of essential feedstocks to the chemical industry comes a poor second."

At the Amsterdam meeting it was clear that plastics producers were more concerned about prices than about physical supplies. Even in the medium-term they foresaw little danger to their being unable to obtain naphtha.

But Mr. Meiner held out the possibility that rising prices could make plastics less competitive against traditional materials such as wood and glass. A slowing down of the rate at which plastics are substituted for traditional materials would clearly contribute to any general downturn in demand.

In the short term, plastics manufacturers were more concerned about the effect that rising prices are having on their customers' stocks. One member of the association suggested that plastics processors were currently stockpiling as much as 10 per cent of the plastics materials they were buying from the manufacturers—the aim being to avoid further price increases.

Mr. Meiner was less specific about the extent of current stockpiling. But he did speak of the danger of stockpiling leading to a sudden downturn in demand.

"It seems highly probable that plastics processors have been building up considerable stocks of plastics on the possibly correct assumption that further rises in the cost of oil derivatives will lead to further increases in the prices of plastics.

U.S. gets tough on export credits

By David Buchan in Washington

THE UNITED STATES, the gentle giant of world trade, has at last, under severe provocation, decided to step down into the arena and teach some of the other major trading countries a lesson. This at least is the impression that some of the more aggressive officials from the U.S. Export-Import Bank recently have sought to convey.

Frustrated by the total failure this year of efforts to tighten up the "gentleman's agreement" governing export credit competition, Mr. H. K. Allen, the Exim's vice-chairman, said last month: "It's time to take off the gloves, as we have done so."

Whether these tactics will persuade the other countries now participating in the credit agreement that it must be reformed by no means clear—and Exim officials say it will not be clear until next year at the earliest.

The U.S. has pushed in particular for an increase of the 7.25-8 per cent minimum interest rates, on the grounds that these floors are now well below market rates prevailing in most participating countries, for a ban on limits on the mingling of aid with export finance ("mixed credits), and on local cost financing. In return, it was prepared to talk about widening the agreement to include aircraft, nuclear power plant and some ship sales.

Exim officials claim some close sympathisers for the U.S. viewpoint among newer adherents to the agreement, particularly smaller countries whose Government export credit resources are slender. But the U.S. ran into a near solid brick wall in the European Community countries.

All that has been agreed is to study, at a technical level, whether there should be a single minimum rate applicable to, say, West Germany (where market rates are low) and to the U.S. and the U.K. (where rates are considerably higher). But U.S. officials seriously doubt whether the high interest-rate countries could politically accept a split scale, with higher minimum rates only applying to them.

The U.S. shows few signs of modifying its goals, but it is now reluctantly waiting until there is a more receptive climate for them. In the meantime, the Exim Bank has got tougher, and its officials warn, this will continue as long as the U.S. remains substantially in deficit on trade.

To match foreign credit competition, Exim has offered over the past six months on so more than 50 per cent of its financing below its usual 7.25-8.25 per cent scale of interest rates. The bank is now offering potential buyers of the Boeing 767 aircraft repayment periods of up to 12 years to compete with the 12-year being offered by the Europeans on the A-300 Airbus. This is beyond the usual 10-year period by which the U.S. has in the past abided.

Exim has also recently stopped practices such as local cost financing, as in the case of telephone equipment sold this year to Colombia, and it has in a few cases this year covered as much as 85 per cent of the value of a deal at a fixed rate, something the U.S. traditionally offered less frequently than its competitors countries.

The Exim was particularly proud to have beaten off recently a French deal involving mixed credits in the case of some U.S. telecommunications equipment sold to Cyprus, which got a 6 per cent loan from the U.S.

Somewhat naturally, the Exim claims that its studies show that when export orders are lost to foreign competitors it is the overwhelming majority of cases it happens because U.S. companies are uncompetitive on price, rather than because of inadequate Government export credit terms.

But the U.S. would none the less like to return to the bargaining table with the credit arrangement at the earliest opportunity. True, Congress recently raised the ceiling on Exim's total loans and guarantees from $25bn to $40bn over the next five years. It is also the case that the ceiling on fresh loans and guarantees which the Exim can issue each year has been sharply raised under the Carter Administration, from $700m back in 1977 to $3.6bn in the current fiscal year, and to $4.1bn next year.

But despite these concrete steps to improve the lagging U.S. export performance, the Exim is feeling the pinch. "We have trimmed our interest rates to the bone," Mr. Allen says, and with the cost of new borrowing, undertaken through the U.S. Treasury at whatever market rates the Treasury can get, now over 9 per cent, one can see his point. The differential between the cost of borrowing and income from loans is most out of the Exim's own capital and reserves of some $3bn—but that would not last for ever.

Joint venture will relaunch Triang

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WELSH Development Agency and Morris Vulcan, a Midlands toy company, have reached agreement on a joint venture to relaunch part of the Triang Pedigree toy company.

Under the deal, both the agency and Morris Vulcan are to invest £250,000 in manufacturing some of the range of products formerly produced at Triang's factory in Merthyr Tydfil, South Wales.

The agency's stake is in the form of both shares and a loan and as part of its participation the agency is purchasing the tools and the Triang Pedigree trade marks which it will lease to the new company.

After a chequered financial history and the injection of nearly £4m in Government funds since 1975, the original company ceased trading late last year, with the loss of more than 300 jobs. There was much local pressure on the WDA to prove its worth by finding a rescue package including a "work in" by some of the employees.

The WDA's announcement said it was hoped the new company—to be called Triang Toys—would start production as soon as possible and would in due course employ 70 people.

A key element in the deal was an interest relief grant awarded under the Government's regional development policy.

Mr. Ian Gray, managing director of the Welsh Development Agency stressed that throughout the negotiations on Triang, the agency had only been prepared to invest in a project which had clear prospects of profits and only in conjunction with a commercial partner with a significant stake in the business.

Three-point plan for Port of London aid

BY LYNTON McLAIN

THE INSOLVENT Port of London Authority has produced a radical three-point plan for survival for the next five years.

First, the Government, as expected, will be urged by the PLA Board this week to set up an authority to control all future development of London's run-down docklands.

This body would take over the losing Upper Docks, which the port has wanted to close, at least in part.

Such a move would relieve the PLA of many financial burdens and open the way to the second point in the plan, complete restructuring of the port's financing.

In particular, the PLA Board is understood to want the Government to take over responsibility for interest payments. Sir John Cuckney, PLA chairman, said in April that these were "totally unrealistic and insupportable." They were causing the port to "bleed to death."

The third element would be dependent on the Government's accepting the first two. The Authority is understood to be considering ways of involving would-be shareholders in the advanced container terminal at Tilbury.

Over £70m has been spent at Tilbury in the past decade, and loans for the facilities are partly responsible for the port's capital debt of £110m.

The Upper Docks, which include the India, Milwall, and the Royal Group, have been a persistent drain on the port's finances. Last year they accounted for over half the PLA's total loss of £17.6m.

The Authority appears to have accepted that closure of the Upper Docks in total may not be possible in the five years of the proposed corporate plan.

This envisages that the PLA will continue to operate cargo-handling in the docks, as an agent of the proposed new dockland authority, using dockers registered under the national dock labour scheme.

The broad outline of the plan will be sent to Mr. Norman Fowler, the Transport Minister, before Saturday, and he is expected to consult Mr. Michael Heseltine, the Environment Secretary, in view of the local authority implications of the proposals.

Project launched for building new type of airship

BY NICHOLAS COLCHESTER

THE PUBLIC was yesterday invited to invest in the return of the airship as a means of air transport.

Thermo-Skyships, a company whose ordinary shares are owned by European Ferries, issued a prospectus to raise an eventual total of £6.4m for the development of a novel form of airship.

The money will be raised in two phases by a partly paid issue of securities. Shareholders will decide, once the first £1.9m has been spent, whether they should provide a further £4.5m. If all goes well the two phases will end in 1982 with the new aircraft receiving its certificate of airworthiness.

Mr. Malcolm Wren, the entrepreneur behind the project and the chairman of the company, explained that there were good reasons why the airship had not been utilised as a means of transport since the war. Manoeuvering a conventional airship near the ground when landing was a lengthy and difficult process.

The turn-around time was too long, because of the difficulties involved in loading an airship swinging in the wind.

In the thermo-skyship, he explained, manoeuverability was ensured by using a variety of sources of lift: displacement lift, from helium and hot air; aerodynamis lift, from forwards movement; and thrust lift, from the airships engines—asin the Harrier aidcraft.

The skyship could be moored without moving, whatever the wind, because it would be shaped like a flying saucer and would thus be unaffected by changes in wind direction.

If the Thermo-Skyship is deemed airworthy the company will raise fresh finance to go into production at a rate of six skyships per year. Each will have a payload of 10 tons or 100 passengers, will fly at up to 100 mph, will have a range of 700 nautical miles and will have an endurance at low speed of up to 12 hours.

The public is being asked to back a product which does not yet exist. For this reason, Mr. Julian Benson of Laing and Cruickshank, stockbrokers, explained, an underwritten issue was not feasible.

The offer is, however, underpinned by European Ferries which has agreed to take up between 35 per cent and sixty per cent of the issue, depending on the public response.

Venture capital

Even the higher of these two figures will not leave the shipping group with control of Thermo-Skyships, for in addition to the 560,000 ordinary shares to be issued and the 90,000 already owned by European Ferries, the entrepreneurs behind the project hold a total of 300,000 deferred shares.

The £6.4m of venture capital is being raised by the issue of a combination of ordinary shares, preference shares with profit participation; and unsecured loan stock. The subscriber has to purchase all three in fixed proportions. He has to subscribe for a minimum of £1,000 worth, but with an initial payment of £300.

The payment of the balance will depend upon the outcome of an extraordinary general meeting to be held in about 12 months' time, when the company will present shareholders with the results of its initial development work.

Details: P.21 and Lex, Back Page

Joseph resolved to change 'culture'

By Our Industrial Editor

SIR KEITH JOSEPH, the Industry Secretary, yesterday set out his ambitions to reverse Britain's anti-business and anti-enterprise culture."

He told an Industrial Society audience of industrialists and students that it was more respectable to distribute money rather than to gather it and to make it.

"The anti-business culture has permeated the establishment. It has permeated the political parties—mine I hope less than others—the educational world, the church and the civil service."

Free enterprise

Recently it had become "more rewarding to be out of the business sector than to be in it."

There were three main ingredients of free enterprise. One was the need "to sell in order to be able to buy." The second was the "excitement" that was at the heart of running a business.

The third was the pursuit of profit through competition. "Without profit and independent businesses there can be no freedom.

"I am talking about political, cultural, and economic freedoms, not spiritual freedoms which is beyond the reach of Governments."

● NEWS ANALYSIS—THORN'S U.S. EXPANSION

Systron-Donner deal is largest of company's recent purchases

BY JOHN LLOYD

THE $27m (£12.5m) acquisition by Thorn Electrical Industries of the California-based electronics company, Systron-Donner, is the largest of the company's recent crop of U.S. purchases, and confirms the already-apparent movement towards the industrial controls, instrumentation and test equipment markets in the U.S.

In April of last year, Thorn announced the purchase of a brace of companies, Towler Hydraulics (previously the Speco division of Kelsey Hayes) and James G. Biddle. Towler, as its full name suggests, makes hydraulic equipment of various types. Biddle's major lines are electronic measurement equipment and manufacturers' instruments and systems. The pair were bought for $12.5m.

In January this year, the company snapped up Modutec, for $3m. Modutec manufacturers panel meter instruments, its products complementing those of Avo, another instrumentation company under the Thorn umbrella.

In April, it was learned that Modular Computer Systems, of Florida, were in serious negotiations with Thorn of a possible purchase. The U.S. company, which had sales last year of $65m and employs 1,200 people, makes computerised process control equipment.

Modcomp—which, like Thorn, never publicly confessed that Thorn was a suitor—said that two multinationals were interested in an acquisition. However, a purchase from any quarter is now delayed by the discovery that the U.S. company's accounts for 1973 and 1976 contained errors, and that new accounts had to be prepared for examinations by the Securities and Exchange Commission. Talks are believed to be suspended.

The test and measurement market in the U.S., Europe and Japan is forecast to grow at around 11 per cent a year in a recent survey by Booz Allen and Hamilton, the U.S. consultants. They described this as "unstartling but solid growth."

Industrial controls are a little more sprightly in the consultants' view, showing an estimated 14 per cent a year growth.

"Growth," they say, "should be more rapid in Europe in the mid-1980s as attempts are made to catch up with the more sophisticated U.S. and Japanese automation and production technology."

This forecast confirms the views of Mr. George Ward, President of Systron-Donner, who said yesterday that one of the two large advantages he hoped to accrue from the takeover of his company by Thorn was better access to European markets, where growth in some of his products is expected to be better than in the U.S.

Systron-Donner, which has its headquarters in Concord, California, makes test and measurement equipment, inertial guidance components for the aerospace industry, fire detection systems, meter instruments and pneumatic and hydraulic components. It is around the same size as Modcomp, had sales last year of $65m, with a profit of $3m, and a staff of 1,800 workers.

Profits of Systron-Donner to the nine-month period ending in April this year are only $218,000 on sales of over $53m, reflecting, Mr. Ward says, a loss in one division handling a U.S. Government aerospace contract.

Mr. Ward says that he had been looking for a takeover for some time, to secure the first of the large advantages of the merger, access to capital to finance future growth. "We are in a very comfortable position now, but we wanted to maintain long-term growth, as well as improve our performance overseas."

Thorn had visited the Concord plant over a year ago, but its interest then was a little premature. However, Mr. Ward said that both sides had hit it off, and the deal announced over the weekend was the fruit of that agreement.

Granada acquires Paul Elek

By Arthur Sandles

GRANADA PUBLISHING, the books arm of the Granada group, has acquired Paul Elek, a privately-owned specialist publisher known for its activities in the arts, criticism and history.

Recently Elek has been printing about 20 to 30 titles a year and has been trying to adjust its activities following the death of its founder Mr. Paul Elek. Its most recent list includes a work on the Discovery of South America, a study of the archaeology of South Etruria, a book of Oriental verse, a biography of Henry Fielding and a range of books on music.

The most immediate effect of the take-over will be the merging of Elek's distribution and sales to the Granada group. In the longer term, Granada will probably reassess the Elek list and use it as a prestige arm in specialist publishing.

Granada's main publishing arm at the moment is Hart Davis and it has an active paperback side including Mayflower and Paladin.

Revenue from UK travel up by 18%

Financial Times Reporter

REVENUE FROM British residents travelling in the mainland UK was £3.1bn last year, an 18 per cent rise on 1977.

But the travel industry was unable to persuade more Britons to take holidays abroad.

First results from a survey commissioned from NOP Market Research by the British Tourist Authority and the regional tourist boards shows that 119m tourist trips were taken away from home, a little below the previous year's figure. About 530m nights were spent away from home—3 per cent less than in 1977.

Holidays accounted for 71m trips and 405m nights. There was a two per cent decline in short trips (three nights or less) and a rise of three per cent in longer trips.

On longer holidays the British indulged in a major increase in spending. The average sum spent nightly was £5.43, a rise of 26 per cent on the previous year.

Parkinson sees car part exports chance in U.S.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE EUROPEAN motor component industry would come under threat in the longer term from U.S. manufacturers, said Mr. Cecil Parkinson, Minister of Trade, yesterday.

But in the short term, good export opportunities, for the UK in particular, were opening up in America, he told a seminar by the Society of Motor Manufacturers and Traders in Birmingham.

Both potential threat and current opportunities sprang from the speed of change being imposed on the U.S. vehicle industry, which faced new legislation on pollution control and fuel economy. "These two influences are producing technical developments in vehicles in America at a rate unprecedented in the industry.

"The change is so rapid that virtually all the capital resources being generated by the U.S. industry will be needed wholly by the vehicle assemblers for their own re-equipment.

"Little surplus capital will be available to invest in the manufacture of components. Hence there are genuine market openings for component-makers which can fill this gap."

UK companies, with their great experience of manufacturing components of the types needed, were well placed to exploit these openings. "However, British component makers must seize the opportunities very quickly, as they will not exist for very long."

Pension plans 5% inflation protected

Financial Times Reporter

FIVE PER CENT of company pension schemes surveyed by the National Association of Pension Funds for its 1978 report offered complete protection against inflation by linking pension rises to the Retail Price Index. This method is used on Civil Service and other public sector pensions.

Altogether 86 per cent of the schemes in the survey awarded increases to pensioners and in 36 per cent of these cases the increases were made automatically. But most of these increases still came from built-in provisions for rises of between 3 and 5 per cent each year.

Although the association has been surveying pension schemes for four years, this is the first time that schemes have been asked details of pension increases. The 1978 survey covered 764 occupational schemes, 127 of them in the public sector.

The survey also showed that employers spent more on pensions for white collar workers than on those for their manual staff. The average pension contribution for staff schemes was 14 per cent of payroll, against 7½ per cent on works schemes. Where the company operated one scheme for both classes of employee, the contribution on average was 12 per cent of payroll. The average contribution paid by employees was 5¼ per cent of salary by non-manual staff and 3¾ per cent for manual workers.

Survey of Occupational Pension Schemes — 1978. The National Association of Pension Funds, Prudential House, Wellesley Road, Croydon CR9 9XY. Price £2.50 (members), £5.00 (non-members).

Petition to wind up Fulham FC adjourned

FINANCIAL TIMES REPORTER

A PETITION to wind up Fulham Football Club was adjourned in the High Court yesterday. It has been lodged by Financial and General Securities over the alleged non-payment of a debt on the club's new Riverside stand.

The club, following an earlier court hearing, had been ordered to pay £400,000 to the Sir Robert McAlpine construction company which built the stand.

McAlpine has since assigned the debt to Financial and General Securities but "only on the strictest assurance that soccer would continue at Fulham's Craven Cottage ground."

The High Court hearing was yesterday adjourned for three weeks by Mr. Justice Slade after Fulham handed over a cheque for £273,856. Mr. Alan Steinfeld, Fulham's counsel, said that this represented the undisputed part of the debt. It had been paid pending a trial over the rest of the money, which was disputed by Fulham.

JOHN BARRETT AT WIMBLEDON

Three seeds crash on first day

AFTER A day of frenzied activity between the showers which delayed the start by 15 minutes and lost another 63 minutes in mid-afternoon, the 93rd championship meeting at Wimbledon ended at 9.20 pm last nigrt with only 29 of the 64 scheduled men's singles completed, three seeds in the bottom half eliminated, and Jimmy Connors, the third favourite, left in mid-match.

The greatest surprise was the defeat in five anxious sets of Vitas Gerulaitis, the No. 4 seed, who is ranked No. 2 in the U.S. Despite a strict training regime imposed by his new coach Fred Stolle, the three-time Wimbledon finalist from Sydney, Gerulaitis simply could not relax on a slippery court and lost 6—7, 3—6, 6—3, 6—3, 3—6 to 23-year-old Pat Du Pre th eBelgion-born, 28th ranked American.

There have been hints of late that Du Pre would achieve something spectacular like this. Last year he had a win over Arthur Ashe in Australia and he took Connors to a 6—3 final set in the U.S. Open. In mid-May, he led John McEnroe 7—6, 3—2 in the Gunze tournament in Tokyo when the American left-hander injured the groin muscle that interrupted his preparation for Wimbledon.

Gerulaitis simply could not rid himself of inhibitions and doubts. There was no weight on his shots. As he did recently in Paris after a severe beating by Borg, Gerulaitis refused to talk to anyone and left the club disconsolate in his tennis clothes.

All that occurred late in the day. Earlier Ashe had become the first seed to fall when the 24-year-old unseeded Australian Chris Kachel engineered a 6—4, 7—6, 6—3 win out on court No. 2. The 35-year-old Ashe, seeded No. 7 had been enjoying a particularly good season, and had suggested last week that he might add a second title to the one he claimed brilliantly against Connors in 1975. But it was a day for younger legs and quicker reflexes on a court where improvisation was the order of the day.

Later on Court 4 Wojek Fibak of Poland, the No. 10 seed, fell to another young American, 23-year-old Bruce Manson, a left-hander. In February in Palm Springs Manson had dismissed Bjorn Borg in the opening round of the Volvo tournament. He was twice the under-21 champion of America—in itself a mark of his quality. After losing the first two sets he fought grimly to defeat an increasingly desperate Fibak 4—6, 6—7, 6—4, 6—2, 9—7.

The early events of the afternoon had given no hint of those dramas that followed. The defending champion Borg came safely through his first match, surviving early uncertainties to defeat the 35-year-old American Tom Gorman 3—6, 6—4, 7—5, 6—1. As last year against Victor Amaya, Borg began tentatively finding the timing difficult on the sappy Centre Court.

Gorman has done great things before here—notably by reaching the semi-final eight years ago at the expense of Rod Laver. But when a golden chance arrived to take a two sets to one lead Gorman faltered fatally. Serving at 5—4 he had a disastrous game which included his eighth ace but also his third double-fault of the match.

Thus reprieved, Borg surged ahead 6—4, and was presented with the set by a clearly nervous opponent who delivered yet another pair of double-faults to surrender the lead. The fourth set was all Borg, and after three minutes short of two hours the triple champion took the first step towards a fourth successive title with a

This was exactly the sort of match that Borg needed to set him on the way. He always says that his first or second matches are the most difficult for him, but as he gathers momentum he generally improves and it will be a major surprise if he is not there at the finish next week.

Once again—and despite the miserable weather—the fans came thronging to the All England club in their thousands. There were 28,480 inside the ground yesterday, only 506 fewer than last year's first-day record. They seemed thankful that the tea lawn had been paved, and surged around the exciting events that were taking place on the back courts.

They saw Mark Cox, the British No. 3 defeating West Germany's Karl Meiler 7—5, 6—3, 6—3 and the British No. 1 Buster Mottram, accounting for his Davis Cup squad colleague Richard Lewis 6—4, 6—3, 7—5. This win brings Mottram against the No. 2 seed McEnroe, who overcame a moment of minor crisis in the opening set to defeat fellow American Terry Moor 7—5, 6—1, 6—4.

As darkness was falling Connors survived typically with some full-blooded attacking play that captured the third set from the left-handed Frenchman Jean-Francois Caujolle to give him an overnight lead of 6—2, 6—7, 7—5. Caujolle had a point to take the third set to a tie-break, but Connors saved it bravely with a forehand volley.

The tension was showing and two points later Caujolle double-faulted to lose the set. But he lives to fight on today. At this rate we shall be back to a mid-day start, with all that means in terms of pressure on players and officials—and a bonus for some of the public.

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Price rise warning follows farm deal

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

CONSUMER organisations yesterday attacked the farm price deal agreed in Luxembourg last week for leading to substantially higher food prices in UK shops.

The Consumers' Association described it as an "expensive disaster" while the National Consumer Council suggested that the deal would lead to a 20 per cent annual inflation rate.

Mr. Jeremy Mitchell, the council's director, said yesterday that the "package of food price increases which the Minister of Agriculture brings back from Brussels will take money out of the pockets and purses of everyone in this country." He argued that the "Euro food mountains and lakes will get bigger" and that the cost of the EEC budget to the British taxpayer will go up.

He added: "We are telling the Ministry of Agriculture that we are dismayed at the effect his policies will have on consumers."

At the farm price negotiations last week the green pound was devalued by 5 per cent but an £80m butter subsidy was allowed.

However, the Consumers' Association said that the agreement would not lead merely to higher shop prices. "It will mean that even more of the farm produce already in surplus will end up in the cold store, because consumers can't afford it, or don't need it," said Dr. Bill Roberts from the association.

"It's an expensive disaster, not only for the UK but for the whole of the European Community because of the excessive cost of maintaining an overblown common agricultural policy."

Problems warning on energy sources

BY DAVID FISHLOCK, SCIENCE EDITOR

BENIGN and renewable energy sources could introduce new and substantial environmental problems, says a report by expert advisers for the Department of Energy.

Novel problems include distortion of television pictures by high-speed windmills and disturbance by wavepower-generators to salmon and herring breeding.

The study says that taking into account the relatively high investment in materials needed to harness it, and the dispersed nature of such installations, solar heat will show up badly against other energy sources in terms of deaths and injuries per unit of energy produced.

The report was originally prepared by the Energy Technology Support Unit at Harwell at the invitation of the Commission on Energy and the Environment under the chairmanship of Lord Flowers. The Flowers Commission turned to coal as a more urgent subject of its first major national inquiry.

Department of Energy estimates say that "benign and renewable" energy sources are not likely to account for more than 8 per cent of Britain's energy by the end of the century.

The Department is committed to spending nearly £16m on research and development into the energy sources examined in the report. Some of this is being spent on environment impact assessments.

The biggest commitment, £6m, is to solar energy and to fuels from plants. At the level of the individual solar installation, there is no possibility of catastrophic impact on environment or human health, say the report.

But several aspects will need careful attention to minimise chances of minor impacts, including risks from leaky solar water-heating systems; solar panels torn by winds from rooftops; and increasing risks of people falling from roofs and lofts.

Almost as much, £5.4m, is committed to wave power, mostly for electricity.

Floating converters 10 kilometres or more offshore are likely to be "more beneficial than detrimental" on the beaches in this area. This would not necessarily be so for other places.

Shipping hazard

There is a hazard to shipping, exacerbated by their form "probably a very low freeboard which will render them invisible to ships either by sight or by radar under most sea states."

Interest in tidal power, commitment £1.6m, for electricity, is mainly on the Severn. A barrage would interfere, not necessarily adversely, with ports, fisheries, recreation, amenities and ecology.

Wind energy, almost £1m committed, is most efficiently harnessed using the biggest windmills practicable, about the size of the biggest electricity pylons in Britain.

Environmental Impact of Renewable Energy Sources. Review paper available from Library, Department of Energy, Thames House South, Millbank, SW1P 4QJ. Free.

Motorcycle sales show 20% rise

THE INCREASED cost of petrol helped bring a 20 per cent rise in motorcycle registrations last month compared with May last year.

The greatest growth, according to Transport Department figures published yesterday, was in motor cycles of 50cc and under. Last month 7,121 were sold, compared with 4,867 in the same period last year. Sales of mopeds and motorcycles of under 50cc have been fairly stagnant in recent years, and the increase in sales is partly attributed to more people using them as a second vehicle for travelling to work.

There was also steady growth in motorcycles of 50cc and over with 19,363 vehicles registered in May, compared with 17,193 in the same period last year.

Development certificates 'dangerous'

By Our Midlands Correspondent

INDUSTRIAL DEVELOPMENT certificates are "a dangerous irrelevance" which should be abandoned immediately, according to Birmingham Chamber of Commerce. In a memorandum to the Government the chamber urges a thorough review of regional strategy.

It says: "We accept that the human problems of the less prosperous areas, such as the N.E. and parts of Scotland, require special treatment, but the most important point at issue is that this must not be at the expense of stifling economic development in regions such as the West Midlands and the S.E."

The chamber suggests that the areas qualifying for regional aid should be restricted.

"Regional incentive aid to companies should be on a more selective basis. It should be substantially restricted to those projects judged to have a fair chance of reasonable permanence without regular and long-term injections of cash."

On industrial development certificates, the chamber insists that "it is wrong to attempt to strengthen the weak by weakening the strong."

The positive support given to the assisted areas, coupled with negative devices such as IDCs, had adversely affected employment in areas such as the West Midlands and Greater London.

Cosway miniature sells for auction record

SALEROOM

BY ANTONY THORNCROFT

A MINIATURE of Master Bunbury, painted in 1802 by Richard Cosway sold for £18,000 at Sotheby's yesterday, an auction record for the artist and for any 18th century English miniature.

It was the highlight in an auction which brought in £133,783. The Victoria and Albert paid £8,500 for a miniature of around 1550 of Lady Katherine Grey, the younger sister of Lady Jane. It is attributed to the school of Levina Teerling.

In the maps a Townbook of *European Cities, a collection of* 99 18th century engraved plans and views of cities of Europe, sold for £28,000, double its forecast, while an atlas by Mercator, printed in 1633, sold for £12,000.

There was a good sale of Continental porcelain at Christie's yesterday which totalled £378,643. The top price was the £19,000, comfortably above forecast, paid by the Antique Porcelain Company of New York for a pair of Meissen figures of Seaswallows by Kandler.

Other good prices were £11,000 for a Meissen and Louis XV gold mounted snuff box, and *£10,000 for a Meissen figure of* a parrot also by Kandler, paid by Vandenkar. The auction of Chinese export porcelain made £134,630. A pair of massive samson famille rose "mandarin" baluster vases and covers sold for £7,000.

Pool buying cuts types of schoolbooks to 100

THE NUMBER of different types of exercise books in use in parts of the West of England and South Wales has been cut from 10,000 to about 100 since local authorities adopted centralised purchasing.

This is one of the achievements of the Consortium for Purchasing and Distribution, based in Wiltshire, which acts on behalf of seven counties and about 40 local district councils, said Mr. Charles Rix, supplies officer for Wiltshire as well as for the consortium.

This year's centralised purchasing—amounting to £50m—would enable members of the consortium to cut many of their bills by more than 10 per cent. Over £15m of this year's spending is on food and £10m on engineering equipment and services.

The consortium's operations are to be studied this week by local government officers and politicians from other EEC countries at a seminar arranged by the Standing Technological Conference of European Local Authorities.

Later in the year, the standing conference is arranging a tour of European cities in which local government officers from four countries will study one another's refuse collection

British Home Stores to start selling wine

By David Churchill

BRITISH HOME STORES will start selling wine this week in 15 of its 107 stores.

The move, to take advantage of the booming take-home drinks market, will mean that eventually most of the 54 stores with food departments will sell wine.

The stores will sell a range of 19 wines labelled with the BHS name alongside the name of the bottler. The bottle will also carry another label describing the wine, with suggestions on the best food to have with it.

County hall plan scrapped

NORTHAMPTONSHIRE Council is scrapping plans to build a new county hall. Instead, the council headquarters in Northampton will have a £½m extension.

Industrial nations urged to negotiate open world trading

BY OUR ECONOMICS STAFF

THE NEED for the major industrialised countries to negotiate their way through conflicts in national interest to an open system of international trade is put forward today by Mr. Edmund Dell, the former labour Trade Secretary.

Mr. Dell, now deputy chairman of the Guinnes Peat Group, argues that the problem is how to reconcile the inevitable mercantilism of nations (their search for economic security) with a desire to foster interdependence in the interests of peace and prosperity.

He contends that it is impossible to preach away the natural protectionism of nations with economic arguments that understandably do not even persuade many economists.

Mr. Dell's defence of his position on trade policy appears in the latest issue of the World Economy, the quarterly journal of the Trade Policy Research Centre.

He favours "negotiating the preservation of the open international trading system. For that purpose, the UK needs to be strong, but it must understand as well the primary interest which other nations also have in their own security."

"Nations give priority to economic security, not just as a matter of self-interest, but as a matter of necessity. There are no reliable or benign automatic regulators which could operate in the general interest if nations abstained from intervention."

Mr. Dell criticises economists who want "modified free trade," thereby preferring Government intervention in industries to action at the border. He says they are cheering on subsidies under the cover of arguments about economic distortions and private and social costs and benefits.

The new issue of the World Economy also contains articles on the iron and steel industry, the enlargement of the EEC, and exchange rates and international liquidity.

The World Economy, volume 2, No. 2. Trade Policy Research Centre, 1 Gough Square, London EC4A 3DE.

Big builders adopt new conduct code

BY ANDREW TAYLOR

A 12-POINT code of conduct affecting about 100 of the largest building contractors has been agreed in a move to improve the industry's image. It came into force yesterday.

The code has been drawn up by the National Contractors' Group of the National Federation of Building Trades Employers. Members of the group face censure or expulsion from it if they break the code.

Disciplinary measures against companies breaking the code can be taken only after a complaint by another member of the group. The terms of the code do not allow for complaints by the public or a client.

The code requires that companies observe recognised tendering practises and "use every endeavour" to "complete contracts on time and within cost limits, and fulfil all obligations under contracts."

It includes measures for improved safety and training in the industry, and calls for better industrial relations.

Mr. Bill Lindsell, the group chairman, said: "This is a positive move, not a public relations exercise to meet some of the criticisms of the industry."

The NFBTE will monitor the working code to see if it would benefit other sectors of its membership.

U.S. companies increase investment in Scotland

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AMERICAN-OWNED companies in Scotland have been increasing their exports by about £100m a year for the last six years, according to a Scottish Council for Development and Industry survey.

Sales abroad by U.S. subsidiaries were £289m in 1972, but rose to £840m by 1978, an increase of 18 per cent when allowance is made for inflation.

The survey also showed that the investment of the 161 U.S. companies in Scotland increased from £227m to £650m over the same six-year period, while turnover rose from £678m to £1.82bn.

U.S. companies employ 84,300 people, 14 per cent of the Scottish manufacturing workforce, although this figure is only 1,700 more than in 1972.

While there have been large *increases in job numbers in* the engineering and chemical industries, employment in electrical engineering and in the food, drink and tobacco industries has declined.

U.S. manufacturing Investment in Scotland, Scottish Council 1. Castle Street, Edinburgh, EH2 3AJ.

Scottish miners in move to halt coal imports

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SCOTTISH MINERS' leaders yesterday started a campaign against the proposal by the South of Scotland Electricity Board to import coal for power stations.

The Scottish executive of the National Union of Mineworkers voted unanimously to oppose coal imports which it said would damage the development of the British coal industry. The executive also demanded that the oil-fired Inverkip power station on the Clyde should be mothballed.

Mr. Michael McGahey, Scottish president of the union, said he would be asking Mr. George Younger, Secretary for Scotland, who is responsible for the Scottish electricity boards, to ban coal imports.

If this failed, the union would call on the Scottish TUC and other unions to prevent coal being imported. He hoped it would not be necessary to ask dockers and transport workers to refuse to unload or move imported coal.

Mr. Roy Berridge, electricity board chairman, said last week that he was negotiating for relatively small quantities of foreign coal to make up a shortfall in National Coal Board supplies.

Wandsworth prepares to cut law centres

THE Conservative-controlled London Borough of Wandsworth is preparing to axe three community law centres and replace them with a more centralised agency on a reduced budget.

The proposal—which comes in the wake of a public campaign to stop the threatened closure of the centres earlier this year—is to be put to a committee set up to review the workings of the law centres today.

The local authority's plan involves establishing a new centralised agency more directly under the control of the council with a restricted advisory role. The existing law centres receive grants totalling £240,000 a year but the new department would cost only £170,000 a year to run.

The move marks a continuing drive by the council to reduce costs and reflects concern about the role of the existing law centres.

UK second in chemicals turnover

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE TURNOVER of the UK chemical industry last year was greater than that of any European country except West Germany, according to figures published in the annual report of the European Council of Chemical Manufacturers' Associations—CEFIC.

British chemical industry turnover was $28.608bn (14.3bn) compared with the West German turnover of $44.6bn (£22.3bn). Among EEC countries, France ranked third with a chemical industry turnover of $24.889bn, followed by Italy with $17.937bn, Belgium with $9.985bn, the Netherlands with $9.797bn, Denmark with $1.641bn and Ireland with $868m.

Spain's chemical industry had the largest turnover—$10.605bn—among CEFIC members which are not in the EEC.

Britain's chemical industry also ranked second to Germany in capital spending. UK chemical companies invested $2.006bn in 1978, while the German industry's capital spending was $2.8bn.

CEFIC figures show that UK chemical prices rose by 8 per cent between 1977 and 1978. But Irish chemical prices went up by 12.5 per cent during the same period while Denmark's rose by 8.2 per cent, Italy's by 5 per cent and those of France by 4.1 per cent. Belgian chemical prices remained the same but the prices of West German chemicals dropped by 1.5 per cent and in the Netherlands prices went down by 2 per cent.

Engineering delegates may vote for overtime ban

BY NICK GARNETT, LABOUR STAFF

DELEGATES TO the Confederation of Shipbuilding and Engineering Unions' annual conference will vote today on how the national pay dispute in the engineering industry should be pursued.

Union officials said yesterday that it was almost certain that a motion calling on all the Confederation's 18 affiliated unions to start a national overtime ban and series of one-day strikes would be passed.

A meeting of confederation leaders in Llandudno decided yesterday on three options.

The first is a motion from the Amalgamated Union of Engineering Workers seeking a further meeting with the Engineering Employers' Federation to secure in full the original claim of minimum time rates, a phased reduction in working hours, two extra days' holiday and a common operative date of April.

If this is not met, affiliated unions would be requested to call the overtime ban and one-day strikes.

Union officials believe this has has the strongest chance of being passed, since the AUEW has about one-third of the confederation's affiliation.

The second option, an amendment put by the Sheet Metal Workers' Union, supported by the Transport and General Workers, seeks the implementation of the full original claim, which involves a further extension of holidays and fringe benefits not included in the AUEW proposal.

Under this proposal, if the full claim was not conceded, action as laid down in the AUEW motion would be called for.

The third option, an amendment put by the Electrical and Plumbing Trades Union, calls for the acceptance of compromise proposals. This appears to have thel east chance of being supported.

Conference delegates will vote on whether the motions should be put to a ballot of the full membership. It is unlikely they will vote for a ballot but instead will decide

National negotiations with the EEF affect directly the pay of more than 1m engineering workers in an industry that has a two-tire wage structure.

The original claim was for an £80 a week national minimum rate for skilled workers with poportional increases for other grades.

The employers' offer is an £8 increase on the national minimum craft rate from the present £60 to £68.

The compromise proposals supported by the EPTU would involve a new skilled rate of £70 with a common April implementation date.

Railway workshop men accept 15% average pay settlement

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL'S 50,000 engineering and maintenance workers, who staged a series of one- and two-day unofficial strikes over pay earlier this year, have agreed a pay settlement giving average pay increases of 15 per cent.

British Rail and officials of the National Union of Railwaymen, main union for workshop staff, hope that it will help stave off an acute shortage of skilled workers which has caused delays and disruption to services.

The complex deal, estimated to add £30m to wage costs, adds 9 per cent to basic rates, and *consolidates £2 of an outstanding* pay policy supplement from the settlement date of April 23 this year. The remaining £4 of the settlement will be consolidated from April 21 next year.

The bonus normally generated from these increases will be applied instead to basic rates to give a further increase of 4.1 per cent.

The unions were concerned in pressing their "substantial claim" for the shopmen to cut bonus levels, which were at 45.3 per cent of basic rates since sickness or other absences could cut earnings sharply.

The gross bonus under the agreement will be 37.3 per cent of the full basic rate, and a further amount equal to 2 per cent addition in basic rate will be transferred from the full bonus.

Improvements include more holiday pay, with minimum earnings level of £55.50 for staff over 18; increasing London weighting allowance from £350 to £382; and a review of the whole pay structure of shopmen.

Grade 4 shopmen's inclusive basic pay, with the supplement, will rise from £55.40 to £64, an increase of 15.50 per cent; Grade 3 from £51 to £58.85, a rise of 15.3 per cent; Grade 2 from £48.40 to £55.80, a rise of 15.2 per cent; and Grade 1 from £45.60 to £52.50, a rise of 15.10.

Officials at the NUR annual conference at Paignton yesterday expressed firm opposition to plans being considered by Mr. Norman Fowler, the Transport Secretary, to cut 2,000 miles of local lines.

Mr. Sid Weighell, general secretary, said that the clamour for cuts in public expenditure was making hundreds of miles of railway vulnerable." It would be suicide for any Government to make cuts of this sort," he said.

"But if that is what they have got in mind then they are going to have a fight on their hands."

He said in his annual report that the full strength of the union would be used if necessary to support its idea of public transport as a service to the community.

A continuous campaign must be maintained if another Beeching-style programme was not to be foisted on the rail unions.

The Associated Society of Locomotive Engineers and Firemen passed a resolution at its conference in Torquay calling for substantial pay increases for its 26,000 members.

Air traffic men pledge to work on

By Our Labour Staff

AIR TRAFFIC controller members of the Institution of Professional Civil Servants said yesterday they would not take part in any further industrial action in the current civil servants' pay dispute, and regretted any inconvenience their action caused last Friday.

Mr. Doug Bush, the controllers' branch leader, said his general purposes committee was "not prepared to take any *further industrial action during* the current dispute."

The Ministry of Defence was the Government department most affected yesterday by the IPCS action. Production at three Royal Ordnance factories at Bishopton, near Glasgow, at Chorley, Lancs and at Radway Green, near Crewe, was hit by the indefinite strike of 64 IPCS members. Some industrial workers at Bishopton had to be laid off.

The boilerhouse at Chorley was not working because of the dispute and the factory is now unable to handle any new production. It is concentrating on processing stock.

Pay dispute halts Cornish tin mine

PRODUCTION WAS at a standstill yesterday at the South Crofty tin mine, Cornwall. There is little hope of work resuming before next week.

Three hundred and fifty men decided at a meeting not to report for work. They are seeking a 25 per cent across the board rise. The company is offering 10 per cent. The meeting decided that, with both sides giving no indication of moving, the men would not meet again until Friday.

Senior staff in half-day strike at Courtaulds

By Our Labour Correspondent

SENIOR STAFF at Courtaulds man-made fibres group factory in Coventry yesterday staged a half-day strike in support of a pay demand.

COSESA — the Courtaulds senior staff association—said the strikers included members of all except the most senior level of management and that it was the first time staff of such high rank had gone on strike.

The association has rejected an offer of 10 per cent plus individual improvements averaging another 5 per cent to correct *anomalies. Talks* at the Advisory, Concillation and Arbitration Service on Friday failed to produce a settlement.

Plea to BL workers on incentive scheme

BY OUR OWN CORRESPONDENT

A PLEA has been made to BL employees to accept a new incentive scheme. They have been *told that its implementa*tion before the summer holiday would be "a tremendous boost to our efforts to win further support."

The car company's employees have also been warned that the Government "will be taking a long hard look at us and our performance."

Sir Keith Joseph, Industry Secretary, will soon be told of the company's product plan and letters to the employees stress that the funds needed are considerable. "Never has it been more important for all of us to demonstrate that we are doing everything within our *power to ensure that this com*pany succeeds."

The new scheme will enable workers to earn more through increased efficiency. It is designed to take over where the pay parity scheme leaves off.

The troubles were caused by a proposal by a committee at Pressed Steel Fisher's factory in Swindon that press operators should be in the second grade.

When the issue went to a joint management-union panel for ratification, the management and craft union representatives voted for the men to be in grade three, the middle grade, and the Transport and General Workers Union members voted against it.

The Transport Workers' plan is to try to get as many members as possible in the highest possible grade.

A full meeting of the joint committee which comprises 27 management and 27 union members is being held next week. Joint talks on BL's new incentive scheme will go on in the meantime.

● More than 5,000 Chrysler car workers in Coventry could be on strike by the end of this week, following the company's offer on a pay claim.

Union negotiators at both Chrysler plants in Coventry rejected a 13 per cent increase. They are seeking wage and other improvements worth more than 20 per cent.

Meetings over strike action will be held and the first is fixed for today for the 2,000 Ryton assembly workers. The 3,000 men at the engine plant are expected to meet later this week when their stewards have completed negotiations.

Dental Council ordered to reinstate sacked man

THE General Dental Council is considering an industrial tribunal order to reinstate Mr. Tom Collingridge, its assistant registrar, who was dimissed in April for allegedly leaking confidential information.

The council was considering the position following a reinstatement order by a London industrial tribunal yesterday. It gave no evidence over the sacking and its counsel, Mr. Colin Mackay, told the tribunal it was a case for compensation not reinstatement.

Mr. Collingridge, of Park Road, Chiswick, was dismissed on April 4 for alleged gross misconduct. Mr. Collingridge who had worked for the council for 16 years, was told he had leaked confidential information. He said he was unaware of what information he was supposed to have divulged and was not told by the council.

The industrial tribunal ordered that Mr. Collingridge should be reinstated after August 5 and paid £691 15p plus a backdated pay award in lieu of salary he had lost.

Scots bank staff demand referred to ACAS

A DISPUTE over wage bargaining involving the three major Scots banks and the Association of Scientific, Technical and Managerial Staffs has been referred to the Advisory, Conciliation and Arbitration Service.

Earlier this year, ASTMS asked the Clydesdale Bank for *separate bargaining* rights, following the results of a ballot which showed that 56 per cent of Clydesdale's staff were in *favour of separate bargaining.*

However, the union claims that compromise proposals on a bargaining structure which the Clydesdale was to have produced last week have not been forthcoming.

It says that the other two banks—the Royal Bank of Scotland the Bank of Scotland, with which the Clydesdale presently negotiates jointly on wages for the three banks' staffs—have vetoed any compromise plan.

هكذا من الأصل

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

The Forty-sixth Annual General Meeting of shareholders of The ...ish Agricultural Securities Corporation Limited was held at the ...stered Office of the Corporation on 25th June 1979. Mr. J. B. ...e, Managing Director of The Royal Bank of Scotland Limited, ...rman of the Corporation, presided and, in moving the adoption ...e Report and Accounts, said:

The Directors have pleasure in presenting their Report together ... the audited Accounts for the year to 31st March 1979. The ... of the Corporation, before taxation, amounted to £581,456 ...ared with £565,607 for the year ended 31st March 1978. Profit, ... taxation, amounted to £279,027. The small increase by com...m with previous years is due to the fact that the Corporation ...ependent throughout the year on overdraft facilities from the ...holding banks and some loans were granted at interest rates ... than the overdraft rates payable at certain periods. Following ...ransfer of £250,000 to General Reserve and provision for the ...sed Dividend to Shareholders of £2,931, the surplus of £26,096 ...arried to Revenue Reserve.

...urning to the Balance Sheet, the total of loans granted by the ...ration shows an increase of £1,102,000 at a total of ...2,949 after deduction of General Provision for Bad and ...ful Debts of £150,000.

... November last year your Board raised the interest rate to ...after holding the rate at 13% for a year. In January this year ...elt obliged in view of the general rise in rates to raise the ...y a further 1% to 15%, which is the current rate, although it ...ed that a reduction will be possible in the near future.

...e past year has seen a further rise in the price of agricultural ... Quite apart from the possible consequences of capital taxation ...vners, this has made the situation for entrants to farming ...r as owners or tenants) even more difficult. The minimum ... cash requirement for an owner/occupier on a very modest ... would appear to be well in excess of £50,000, a sum well ...mpossible to accumulate out of earned income. Even a well ...d graduate from university or college with several years' ...ence of practical farming who might be considered for a ...y of a farm would find it difficult to raise the tenant's ... required. The long term effect of this obstacle to new ...ts cannot, I feel, be in the long term interest of the ...y.

...uring the year the loan of £710,000 from the Government was ...d by a further £134,308, leaving a balance due of £497,092. ...robable that a further repayment will be required in the ... year. This is an indication of the healthy state of the ...ation's Balance Sheet but your Board would be happier if it ... possible in the near future to fund at reasonable interest ...he greater part of the overdraft, which at this time exceeds ...ion.

... this will be the last Annual General Meeting of the Corpora...hich Mr. A. M. Russell, Treasurer of the Bank of Scotland, ...tend in his capacity as Director, I would like to take this ...nity of thanking him on your behalf for the great contribu... has made to the continued prosperity of the Corporation ... keen insight into current and future problems. He will be ... missed.

... behalf of the Board I should like to express my appreciation ...highly efficient manner in which the staff of the Corporation ...ntinued to perform their duties during the year.

...e Report and Accounts were formally approved and adopted ...ividend of 3½ per cent duly declared.

LA REDOUTE

...etter to shareholders, Monsieur Henri Pollet, Chairman ...naging Director of LA REDOUTE, takes stock of the ... (1st March-28th February) Company results and of the ...s for the first three months of 1979/80.

...DOUTE S.A.

...er, including taxes, amounted to Frs. 3.10 billion, ...g an increase of 14.1%.

...ofits reached Frs. 44 million, 0.8% lower than the ...s year's results after the provision of Frs. 8.2 million ... writing down of the Sartha debt and the fall in value ...oldings in Sartha and Venca.

...TE GROUP

...oup results were up to forecast. It has already been ...d that Prémaman has reached an agreement to provide ...al help to Sodireg (Prénatal's subsidiary), which can ...ed on as the first step towards closer co-operation. ...egard to the Belgian subsidiary, Sartha, where there ...n a worsening situation, the Administrative Board has ... to cease trading.

...edoute Group's consolidated pre-tax sales reached ...1 billion, an increase of 18.9% compared with the ...s financial year.

... of the operating loss for certain subsidiaries, the net ...lated profit of La Redoute reached only Frs. 39 million, ...wer than the previous year. During the next meeting ...rd will propose maintaining the dividend of Frs. 20 per ...which, together with a credit tax of Frs. 10, makes an ... dividend of Frs. 30.

...M RESULTS

... first three months of the financial year 1979/80, La ... S.A.'s turnover reached a satisfactory level of ...5 million, an increase of 14.5%, compared with the ...riod the previous year.

...urnover in the first quarter reached Frs. 1,128 million, ...ease of 13% when compared with the results published ... May 1978.

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BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Government curbs 'watchdog' powers

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

PROPOSALS TO set up 12 new "watchdog" select committees to monitor the activities of individual Government departments were hailed in the Commons yesterday by Mr. Norman St. John Stevas as "the most important Parliamentary reforms of the century."

But the Leader of the House upset many MPs when he confirmed that the new committees will not have the power to force Government Ministers to appear before them or to order the production of Government papers.

He gave a pledge, however, that all members of the present Government—"from the most senior Cabinet Minister to the most junior Parliamentary Under Secretary"—will do all in their power to co-operate with the committees.

If a genuine difficulty arose over a Minister's refusal to attend a committee, then the Government would see that the House as a whole had the opportunity to debate the matter and resolve it.

In addition, as much information as possible, including confidential documents, would be made available to the committees.

For the Opposition, Mr. Merlyn Rees, the shadow Home Secretary, who is also Labour spokesman on procedure, gave a similar undertaking about the attendance of Ministers.

Nevertheless, many MPs were disappointed that the two major parties had not endorsed the recommendation from the procedure committee that the committees should have a clear *legal right to order the* attendance of a Minister and the production of papers and records from Whitehall.

The House was debating a Government motion setting up the system, which will replace the present select committees which have responsibility for dealing with particular subjects.

MPs were being allowed a free vote and a division was expected early today.

Mr. St. John Stevas made it clear that the first instalment of reforms which the Government will introduce are based on the recommendations of the Procedure Committee.

At the moment, he said, Parliament was not standing at the zenith of public esteem.

"Great nations fail only when they cease to comprehend the institutions which they themselves have created," he said.

"It has been increasingly felt that the 20th-Century Parliament has not effectively supervised the executive, while the power and effectivenss of Whitehall has diminished.

"These proposals are intended to redress the balance of power."

> 'It has been increasingly felt that the 20th Century Parliament has not effectively supervised the executive, while the power and effectiveness of Whitehall has diminished.'

The Leader of the House ran into some criticism when he disclosed that the Lord Chancellor's department and the Law Officer's department would be excluded from the scope of the new select committees.

To do otherwise might prejudice the independence of the judiciary and the confidentiality of communications between them and the Lord Chancellor, he maintained.

The new bodies would set up their own joint committees to take over the work of the old committee on nationalised industries. The work of the science and technology committee would be assumed by the new education committee.

The Government accepted that the committees should be able to look at the activities of some public bodies which exercised authority on their own and over which the Minister did not have direct authority.

The power to order an MP or Minister to appear before a committee belonged to the House. It was not appropriate for a select committee "to order members of this House about."

"There need be no fear that Ministers will refuse to attend a committee to answer questions about their department, or that they would not make every effort to ensure that the fullest possible information is made available."

This pledge, he said, was a better guarantee than formal provisions laid down in standing orders.

The proposals, he added, were a major change of an "evolutionary not a revolutionary kind." The new committees would complement the chamber not supplant it.

For the Opposition, Mr. Rees regretted that there would be no committee to look at the Lord Chancellor's office. MPs had a right to look at the administration of that department without going into the judicial side of it.

He warned of the possible dangers of the new committees becoming a "shield" for the Government departments for which they were responsible. MPs would have to be on their guard against "an old boy atmosphere."

He also emphasised the importance of having adequate research staff for the committees.

Tories move to retain pay beds

BY COLLEEN TOOMEY

THE GOVERNMENT made its first move yesterday to retain most of the remaining 2,818 pay beds in the National Health Service. It announced its intention to repeal Labour legislation to phase out pay beds.

Dr. Gerard Vaughan, Health Minister, said in a consultative document to health authorities and other interested organisations that the Government hoped to introduce new legislation after the summer recess.

Pay beds already withdrawn will not necessarily be restored—most of them were seldom used and new private facilities had since been provided, Dr. Vaughan said.

The Government plans to remove the 1976 Health Services Act, amend the 1977 National Health Service Act, and limit the extent of private practice.

Dr. Vaughan says he wants to encourage co-operation rather than confrontation between the public and private sectors of medicine.

The Government will be looking for a "fresh approach" to consultation and joint planning between the NHS and private sector—including *joint provision of services* and staff.

"The Government believes that private patients should not be judged by different standards of priority from NHS patients," he said.

A major part of the new legislation will be restoration of private practice in NHS hospitals, with limits imposed. The Health Services Board, set up under the 1976 Act, will also be abolished.

The National Union of Public Employees yesterday remained strongly opposed to retaining pay beds in the NHS. Mr. Bernard Dix, assistant general-secretary of NUPE and a member of the Health Services Board, described the Government's proposals as "an absolute mess."

Press threatened with law to end trial payments

BY RICHARD EVANS AND IVOR OWEN

PAYMENTS BY newspapers to witnesses in criminal trials should be stopped "by one method or another," Sir Michael Havers, the Attorney-General, declared in the Commons yesterday.

He reaffirmed that the Government is looking to the Press Council to give a lead, and warned that if newspapers are not willing to put their own house in order, legislation may be introduced to end "this pernicious practice."

There was strong condemnation from both sides of the House of the payments made to Mr. Peter Bessell and other prosecution witnesses in the Old Bailey murder conspiracy trial, which ended with the acquittal of Mr. Jeremy Thorpe, the former Liberal leader, and his three co-defendants.

Particular concern was expressed about the implications of contracts which enable higher rewards to be obtained in the event of a defendant being convicted.

From the Opposition front bench, Mr. John Morris, the Shadow Attorney-General, pressed for legislation to be introduced which would enable "this fungus" of payments by results to be eliminated at its very roots.

Mr. Charles Fletcher-Cooke (C. Darwen) suggested that if the practice of making payments to witnesses in such cases could not be banned, consideration should be given to prosecutions under the existing law on the grounds of involvement in a conspiracy to pervert the course of justice.

The Attorney-General recalled that the judge in the Thorpe case had described the evidence of witnesses who had received payment as "tainted."

He agreed that proceedings on the grounds of an attempt to pervert the course of justice could be considered. But he doubted whether there was sufficient evidence at present to justify a reference to the Director of Public Prosecutions.

Sir Michael Havers firmly endorsed the decision of his Labour predecessor, Mr. Sam Silkin, to leave the decision on whether criminal proceedings should be instituted against Mr. Thorpe to Sir Thomas Hetherington, the Director of Public Prosecutions.

It had been quite an exceptional case. Mr. Silkin had asked not to be consulted by the DPP because Mr. Thorpe had been a Parliamentary colleague and the case had a very serious political significance.

"Whichever way he had decided, he would have been open to criticism."

On the issue of whether newspapers should be permitted to report committal proceedings in magistrates' courts in cases where a defendant requests that reporting restrictions should be lifted, the Attorney-General stressed the importance of publicity when it leads to new evidence being produced in support of an alibi.

Mr. Edward Gardner (C, South Fylde) suggested that, in cases involving more than one defendant and where only one wished the committal proceedings to be reported, the magistrates should be given the right to decide whether restrictions should be lifted.

● Liberal leaders declared yesterday, following urgent consultations, that the party knew nothing before the Jeremy Thorpe trial of the £20,000 gift to the former Liberal leader from Mr. Jack Hayward.

Mr. Hayward, the party's millionaire benefactor, has demanded a full inquiry into party funds because of the controversy surrounding the gift.

But Mr. Michael Steed, the Liberal Party president, said yesterday that the party could not inquire into funds it had not received.

He suggested the matter should be one between Mr. Thorpe and Mr. Hayward.

Liberal leaders are hoping that the matter will fade rapidly into obscurity following months of embarrassing publicity during the Thorpe trial.

'Substantial' Companies Bill planned

BY IVOR OWEN

A CONSULTATIVE document on company accounting and disclosure will probably be published by the Government before the end of next month, Viscount Trenchard, Minister of State for Industry, disclosed last night.

He tolds the House of Lords that it will contain detailed proposalsf or inclusion in a "substantial" Companies Bill which the Government hopes to introduce in 1980.

Lord Trenchard was moving the second reading of the deliberately restricted Companies Bill which is virtually confined to implementing the EEC second directive on company law.

He insisted that the omission from this measure of any provisions on insider dealing, loans to directors and added safeguards for minority shareholders, did not mean that earlier proposals covering these issues had been dropped by the Government.

"The have not been dropped," stressed Lord Trenchard.

He explained that several of the more important proposals were being re-examined in the light of the recent reports by Department of Trade inspectors into the affairs of Peachey Property Corporation and Dowgate and General Investments.

These matters, he promised, would be covered in the Bill to be introduced in 1980, which would also secure the implementation of the fourth EEC directive on company accounts.

Lord Elwin Jones, the former Labour Lord Chancellor, strongly criticised the Government's decision to limit the provisions of the Bill now before Parliament.

He described the failure to deal with insider dealing as the "most important omission."

Lord Elwin Jones reaffirmed that the Opposition believed that insider dealing should be made a criminal offence accompanied by "realistic contemporary penalties."

He emphasised that peers and MPs will have an opportunity to table amendments dealing with insider dealing, loans to directors and other key issues during the committee stage of the measure.

Lord Trenchard argued against this course, pointing out that the UK was already almost a year behind schedule in implementing the EEC second directive.

Lord Trenchard cautioned peers not to rush into hasty conclusions about the commission of the definition of "proprietary company" from the Bill—a definition inserted in an earlier version of the Bill by Conservative MPs when they were in Opposition.

He explained: "This should *not be taken to indicate* a change of heart on the part of the Government in relation to relieving the legislative burden of small private companies, merely a change of tactics.

"We shall be dealing specifically with the question of disclosure and audit of small companies, and with the definition of a proprietary company for these purposes, in the consultative document."

He also drew attention to the importance of the provision which makes it a new criminal offence for private companies to offer their shares and debentures to the public.

Council to buy

NOTTINGHAM CITY Council, which sold more than 5,000 council houses in three years of Conservative rule, has decided to buy back where possible. Mr. Arthur Wright, chairman of the land committee of the new Labour council, said that the new policy might be extended to private houses offered to the council.

Callaghan balances Left and Right

BY ELINOR GOODMAN, LOBBY STAFF

MR. JEFF ROOKER, joint author of the Rooker-Wise Amendment to the 1976 Finance Act and a persistent *critic of the last Government*, was one of several younger backbenchers promoted yesterday to the Labour front bench.

Mr. Callaghan was announcing his final appointments to the shadow team.

The list of junior appointments included a number of MPs—such as Dr. Gavin Strang, to the No. 2 spot at agriculture and Mr. Les Huckfield to the industry team — who have already had experience of these areas in Government.

But Mr. Callaghan has also taken the opportunity to give some younger MPs exposure on the front bench for the first time.

In doing so, he seems to have been careful to give equal prominence to Left and Right wingers.

As well as promoting Mr. Rooker to the junior job in the health team, Mr. Callaghan has given Mr. Joe Ashton, the junior energy job.

Mr. Ashton was a former Parliamentary Private Secretary to Mr. Anthony Wedgwood Benn, the Energy Minister in the last Government.

Mr. Callaghan has balanced these appointments by giving Mr. Ian Wrigglesworth, one of the most active members of the moderate Manifesto Group, responsibility for the civil service.

Mr. John Prescott, the leader of the Labour delegation in the old European Parliament and one of the most effective of Britain's representatives there, has been given the job as Mr. Albert Booth's junior in the shadow transport team.

Mr. Joel Barnett, the financial secretary in the last Government, has already said he does not want a front bench job this time.

Mr. Denzil Davies moves up the shadow Treasury team to become No. 2 to Mr. Denis Healey, who was one of 12 people elected to the shadow Cabinet two weeks ago.

Mr. Bob Sheldon is missing from the Treasury and economic affairs, but making up the team are Mr. John Garrett and Mr. John Horam, another member of the Manifesto Group.

Dr. John Cunningham, one of the most articulate opponents of the Labour Government's plans for devolution, has also been promoted. With Mr. Huckfield, he shares the shadow responsibilities for industry under Mr. John Silkin.

Dispute hits money control plan

BY ELINOR GOODMAN

INDUSTRIAL ACTION by staff at the Labour Party's headquarters yesterday hit plans by left wingers on the executive to wrest control of the money paid to Labour in Opposition.

The dispute which seems likely to hit the full meeting of the executive tomorrow therefore, saved Mr. Callaghan from the embarrassment of either publicly refusing to accept the executive's decision or having to reach some compromise.

The Party's finance committee was due to discuss a proposal from the treasurer that the £168,000 paid to Labour in Opposition should be controlled by Transport House rather than as now paid to the Leader of the Opposition direct.

The idea, which is one of several by which the Left is trying to make the Parliamentary leadership more accountable to the party rank and file, would enable the executive to influence the *appointment of political* advisers to the Shadow Cabinet and so increase its influence over future policy.

But because of a dispute by 90 clerical and research workers at Transport House over pay the finance committee only discussed four of the 15 items on the agenda for their meeting yesterday of which one was apologies for absence. This means that the question cannot now be voted on at the monthly meeting of the full executive tomorrow.

Mr Callaghan has already appointed the research team to advise the party in opposition, and the delay may make it even more difficult for the executive to persuade him to change his mind.

The proposal was just one put forward by the Left which was due to be discussed at the meeting. Also on the agenda is a suggestion that the normal party rules should be waived at this autumn's annual conference to allow another vote on the reselection of MPs and the election of the Party Leader. But, judging by the slow progress at yesterday's meeting from the Finance Committee, the executive seems unlikely to get through the full agenda.

The Transport House staff in dispute are demanding parity with their counterparts at the TUC headquarters. So far, one offer by the executive has been rejected and now, the staff are refusing to service the executive's committees in the normal way. As a result, the usual papers are not being produced and if the dispute continues all but essential work could be halted.

'Angel of Death' visit alarms Clydeside

BY OUR PARLIAMENTARY STAFF

THE VISIT of Sir Keith Joseph, the Industry Secretary, to Clydeside had been described as "the passing of the Angel of Death" a Labour MP *claimed in the Commons* yesterday.

Mr. Donald Dewar (Lab., Glasgow Garscadden) called on the Government to deny a report that Industry Ministers had asked for estimates of the cost of closing ship building yards.

He said that there was great anxiety on Clydeside about the future of the shipbuilding industry, and this had "not been allayed by the visit of the Secretary of State.

"A constituent of mine described his visit, in industrial terms, as the passing of the Angel of Death," said Mr. Dewar.

Mr. Adam Butler, Minister of State for Industry, said the Government recognised the anxiety in the shipbuilding industry over its future. "We hope to make a statement as soon as we can."

He said the Government had asked British shipbuilders to review the options they had put to the previous Administration, and which had lain on the table for a number of months. Circumstances had changed since then.

Dr. John Cunningham (Lab., Whitehaven) called for an assurance that the Government intended to maintain a viable British shipbuilding industry.

Mr. Butler told him: "The Government would like to see a viable merchant shipbuilding industry if it is possible. But there is a shortage of orders and a serious situation in the yards. It is these circumstances and others which we have to take into account."

Labour MPs pressed Industry Ministers for a statement of Government policy on the future of British Aerospace, and enterprises supported by *the National Enterprise Board*.

Mr. Butler said the Government was still reviewing the position of these organisations, and a statement on its intentions would be made as soon as possible.

● Sir Keith Joseph, the Industry Secretary, yesterday criticised the "bad service" offered by the Post Office. He made clear that he would not rule out legislation to remove its statutory monopoly for carrying mail.

"There is great scope for increased efficiency in the postal service," Sir Keith told Mr. Toby Jessel (C., Twickenham), who complained that delays in the postal service were getting worse.

Sir Keith said he was dismayed that members of the postal workers union had rejected, in return for higher pay, measures approved by their union leadership for efficiency.

He was having talks with the Post Office on how customer services and efficiency might be improved.

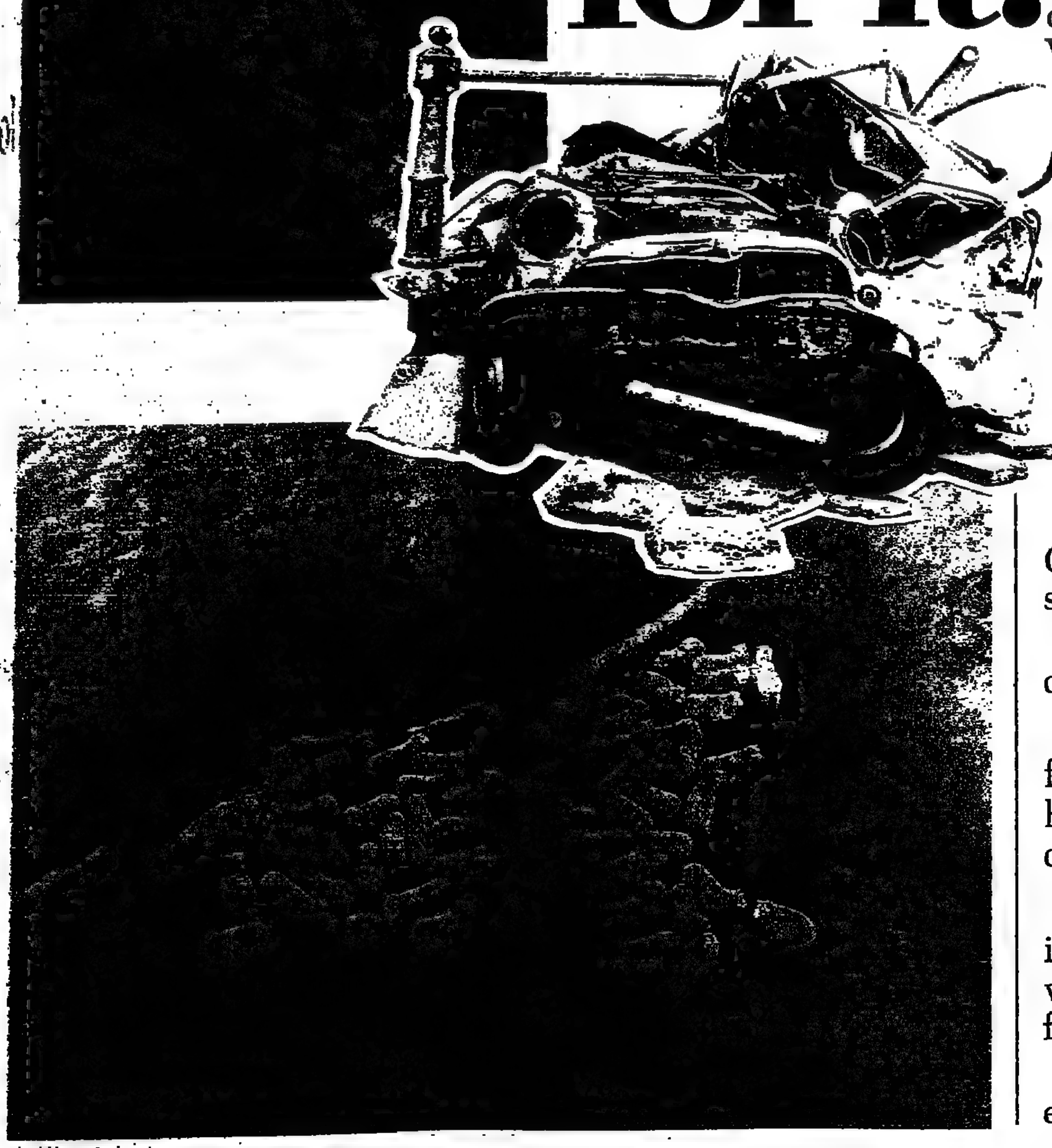
"I deplore the bad service currently being given not only to commerce and industry but also to householders."

Mr. Jock Bruce-Gardyne (C., Knutsford) said that the Post Office was no longer capable of moving the mail so the Government should support a one-clause Bill to abolish its statutory monopoly.

Sir Keith replied: "I have no plans for such an initiative or response at the moment. But I would not like to rule it out. It is unacceptable for any nationalised industry to use its monopoly to cloak inefficiency."

هكذا من الأصل

While others were assessing the damage, we were paying for it.



On the morning of January 11th 1978, you might have been forgiven for mistaking the streets of Sheerness for Amsterdam or Venice.

After a night of near-hurricane force winds and waves as high as houses, the East Kent coastline was, quite simply, blown to bits.

In the light of this thirty mile trail of devastation, it became clear to us at Commercial Union that there was only one way we could be of real help.

Not with tea and sympathy. Or vague promises of compensation.

But rather, by agreeing to claims immediately. On the spot.

Now, it's not every day you'll find us popping in on policy holders, with a view to popping a cheque in the post.

After all, like any other insurance company, every claim we deal with involves certain formalities.

There are details to be noted down. Policies to be checked out. Assessments to be made. And so on.

A process that can take anything from five minutes to five months. Or even longer.

Speaking for ourselves, we prefer to simplify the paperwork, for the sake of a speedy settlement.

Which is precisely how we coped with the mopping up of East Kent.

On January 12th, with the storm damage barely a day old, we set up an emergency claims centre in Canterbury.

Within two working days we had our own team of claims inspectors out and about on the waterways, personally totting up the cost of repairs.

In all, we paid out £115,000 from just one branch, to more than 400 policy holders.

So they could start rebuilding their lives, while others were still getting estimates.

CU ASSURANCE

We won't make a drama out of a crisis.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Power from rubbish

SEVEN companies of the George Kent process control and instrumentation group have received orders worth nearly £½m for equipment for a refuse incinerator plant which the Singapore Ministry of the Environment is building in Ulu Pandan, near Ayer Rajah in the south of the island.

This will be an effective means of disposing of rubbish and will provide low-cost electricity at the same time. The refuse will be mixed with oil and will fire three boilers, the steam from which will drive a 20 MVA turbine generator set to be supplied by BBC Brown Boveri of Mannheim, also responsible for the engineering, supply, installation and commissioning of the electrical control and instrumentation package.

Erection and commission of the control equipment will be carried out by George Kent (Singapore) on behalf of Brown Boveri, using instrumentation to be supplied by six other Kent companies. Kent Instruments of Luton will supply the bulk of the instruments, nearly 500 items, comprising Deltapi Series E electronic process variable transmitters; Flexel recorders and indicating controllers, and computing bin systems with logic and arithmetic function minicards.

High power test unit

TO HANDLE demand for increased ratings of rectifier equipments, GEC Rectifiers has extended its high current test facilities. The new plant is capable of supplying full load current continuously to six- or twelve-pulse rectifier equipments with rated outputs up to 100,000 amps d.c. Overload capacity brings this up to 120,000 amps short term, depending on circuit lay out.

The facilities include motor alternators covering 50 and 60 Hz operation and a 4 MVA bank of step-down transformers. Size and total MVA requirements have been minimised by an arrangement of water cooled a.c. and d.c. busbars which couple the transformers to the equipment under test. Accurate calibration and checking of instrumentation on this equipment is provided by precision metering incorporated in the plant for measurement of d.c. current up to 125,000 amps.

A mobile control desk with closed circuit TV enables operators in the rectifier test area to monitor the instruments on the remote control boards serving the alternator sets. Voice communication is also provided.

Electrical connections can be arranged in a number of different ways to suit the range of circuits encountered with the various rectifier equipments under test.

GEC Rectifiers, Stafford ST17 4LN. 0785 51222.

Guards three-phase motors

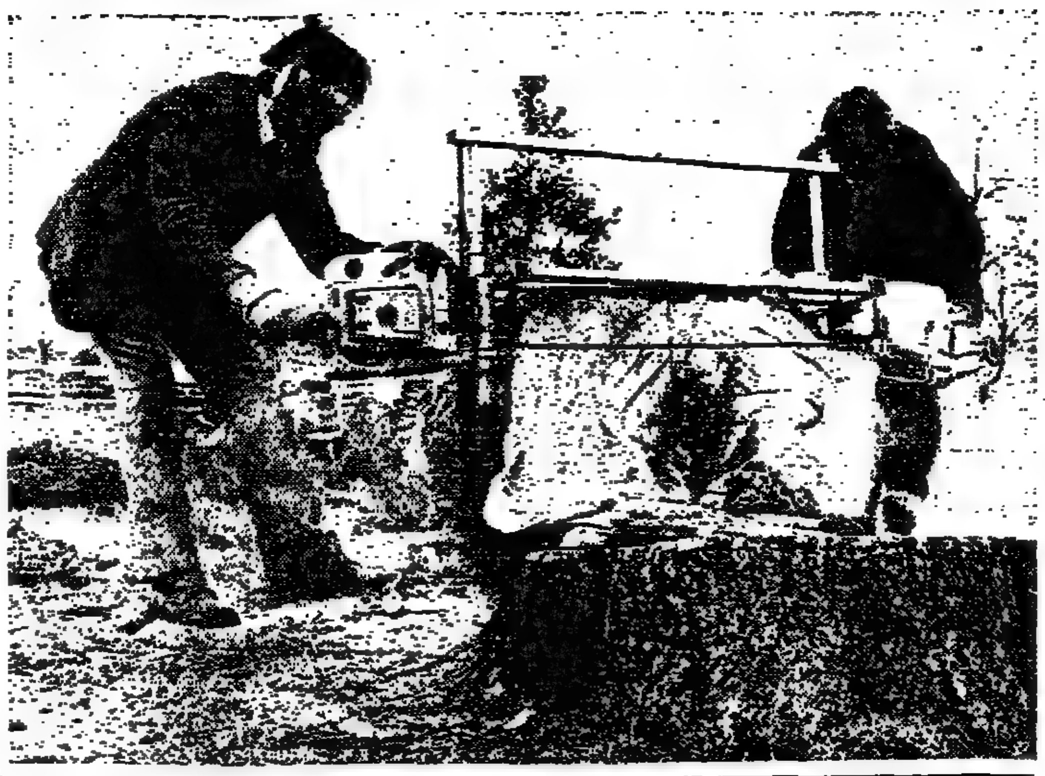
COMPACT and reliable, phase sequence relay DR 61, which will interrupt the supply to three-phase machines if they are connected in the wrong phase sequence has been introduced by Helmut Mauell GmbH of West Germany and is available in the UK from Prolect, Epsom Road, Guildford GU1 3JW (0483 32792).

The unit uses an ungrounded neutral asymmetrical star-delta circuit with resistor, capacitor, relay coil and bridge rectifier with auxiliary relay.

Contacts of the relay are normally open and no starting signal can be transmitted to the machine with the relay de-energised. Phase shift occurs within the circuit however, and when the phases are correctly connected the rectifier voltage is sufficient to operate the relay, causing a starting signal to be transmitted to the machine.

With incorrect phase connection the relay coil does not reach the operating threshold and the machine is not energised. Power consumption of the device is about five volt-amperes.

Difficult problems of disposing of felled trees have been partly solved by a portable chainsaw mill which, by slicing a tree into manageable planks on site, could save thousands of trees for industry every year. Powered by two Stihl 075 anti-vibration chainsaw engines connected by a grooved guidebar around which is driven a cutting chain, the unit has a roller frame which moves through the trunk. Two rails are placed on the trunk as a guide for the first cut to remove the outer bark plank. Once this is removed, the exposed flat surface of the timber acts as a guide to the rollers to cut the remaining planks which can be ½ in to 15 in thick. Planks up to 50 in wide can be cut at the rate of 7 sq ft per minute. Previously, because of sheer size, many trees have been burned or left to rot. Further from Andreas Stihl, Stihl House, Goldsworth Park, Woking, Surrey GU21 3BA. 04863 70097.



● AGRICULTURE

Cutting the grass

RANGE OF grassland equipment to be shown at the Royal Show, Stoneleigh, Kenilworth, July 2-6, is announced by SKH, Adderley Road Works, Market Drayton, Shropshire (0630 3501).

The Fazalet DM 185 is a drum/disc mower and, says the maker, the drum disc layout produces a wide swath—the outside drums ensure swath separation. Mower is centrally pivoted giving an even weight distribution over the bed and better adaptation to the ground. Cutting width is 6 feet 2 inches and output is up to 5 acres an hour.

Mower unit of the Cyclomower CM 185H is centrally pivoted allowing equal weight distribution over both of the drums. Weight of the machine is supported by springs which reduce the weight on the saucers and allow for easy manoeuvring, especially on sloping ground. Cutting height is adjustable and mowing capability on ditch banks is +23 degrees to −40 degrees.

Third new machine is the TK 210 conditioner which is used for cut crops. This is offset to the mower to reduce weight on the cutting unit and avoid inter-unit blockages.

● TRANSPORT

Dashboards will change

THE FUTURE for clumsy cable drive speedometers and obscure fuel gauges in the motor vehicle now seems limited and it can only be a matter of time before solid state measurement and dashboard systems are commonplace.

General Instrument Microelectronics for example has just announced the development of a vehicle display system based on one of its single chip processors which will replace all the mechanical display devices currently used on dashboards. An electrically alterable read-only memory is used for retaining data when power is off.

Because no two car makers (or even two models) will have the same requirements, the devices can be mask programmed by GIM to give a large element of flexibility.

Depending on dashboard needs, the chips can drive fluorescent discharge display tubes, light emitting diodes or liquid crystal devices. Units of distance can be displayed as either kilometres or miles while pressure, fluid measure, temperature or other quantities can be presented in metric or imperial units. Speed accuracy for example, would be better than 0.3 per cent.

Pulses derived from the gearbox output shaft are manipulated in the chip to give distance and speed data. By dividing the number of pulses (probably 10,000 per kilometer, but others are possible) in a set sampling period by the time of that period (the processor has a clock), the speed is found. Updated distance is constantly written into the memory. Trip distance displays are easily derived.

Prototypes built so far have a design voltage of 9.5 to 14 V dc and are for negative earth vehicles. Power consumption is typically 180 mA at 12 volts for the micro, memory, fluorescent driver and two multidigit displays.

GIM points out that when designed into vehicles such a system will save weight and space and will improve reliability and performance. The speedometer / odometer / trip distance unit could be assembled on a double sided board measuring 3½ inches square (not including the displays) and addition of other dashboard data would only increase it marginally.

More from 1, Warwick Street, London W1 5WB (01-439 1891).

Disabled drivers' aid

ISRAELI-DESIGNED, an aid for disabled drivers, which lifts and loads a conventional folding wheelchair on top of the car automatically, is available for import or manufacture in Britain.

Gottlieb-Zair GZ91 designates the device, already in production in Israel, which consists of a gutter-mounted car top container with a hinged lid and an electrically operated hoist. Designed by a paraplegic with very limited use of his arms and wrists, it is controlled by a single button and a lever, lifting and loading the chair in about 30 seconds with minimal current consumption.

The unit has the approval of the Israeli Standards Institute and Ministry of Health, and the Israeli Defence Ministry.

A current FOB price of $2,000 is quoted. Inquiries concerning either direct import or licensed manufacture should be made to The Business Centre, 14 West Street, Horsham, West Sussex, RH12 1PB.

● TRAINING

Promoting the 'Open's' ideas

OPEN University and Insac International—the Viewdata experts—have signed a long-term research and development agreement for work on microprocessor-based teaching and training systems. The agreement provides for an initial research and development phase and continues with manufacture and exclusive worldwide marketing arrangements.

The complex pattern recognition software of the Open University's display teaching system, Cyclops, forms part of the agreement, and the OU and Insac recognise the great potential in industrial training for such systems.

The team will also explore the relationship with Viewdata systems.

Cyclops is a device which is connected to the aerial socket of a conventional television set and displays graphical information accompanied by a sound track. Both sound and visual data are stored on cassette tapes which are displayed on Cyclops. Program material on Cyclops tapes is produced using a computer technique developed by the Open University.

Cyclops may also be used in conjunction with a light-pen for drawing on the television screen, and two or more systems can, in principle, be linked via the public switched telephone network. This will enable students to participate in a tutorial group in which the tutor and students are all in separate locations.

Insac, 17, Lincoln's Inn Fields, London, W.C.2. Telephone 01-831 7536.

● TESTING

Working on complex boards

COMPLEXITY in printed circuit boards carrying electronic components has reached a stage where a single small board now can carry a complete computer system, plus all or most of the control circuitry, for a vast series of applications outside the traditional data processing area.

Made, frequently, on a large-scale production line, such boards require very careful testing even though the components on them—like micros and memory chips—will generally have been checked before despatch and frequently again at the goods inward stage.

There is a need to carry out this subsequent, extended, testing to ensure that all components on the board can work together and that none has been damaged in assembly, but also to verify that the array will in fact do the work it is supposed to.

Teradyne, which claims to be the world leader in testers, has attempted to—at least—keep abreast of what designers are planning which is why it has just been able to announce a new group of test equipment for production testing and laser-adjusting, of analogue large-scale integrated circuits.

A300 describes the group which contains seven units, the three most powerful of which are the analogue LSI tester, the hybrid LSI tester and the monolithic LSI adjuster.

All three have a high-speed digital facility which will run up to 84 channels of drivers/detectors for testing to at least 5MHz on combined linear-digital systems.

All systems in the A300 series are full upgradable and all are compatible with the preceding J273 which will continue to be sold but primarily for testing consumer linear devices. All its test programs and packages can be used on A300 machines.

Teradyne has also decided to put its LASAR test generation package on to the DEC 11/780 VAX computer. This will allow producers of large numbers of boards to have their own in-house facility rather than having to rely on a line to a service bureau.

Teradyne, Clive House, Queen's Road, Weybridge, Surrey KT13 9XB. Weybridge 51431.

● PROCESSING

Makes a case

AVAILABLE in England is the Horauf OKM10 case-making machine said to be especially suitable for the production of lever arch files. It also produces cases for a number of other products including ring binders, says Bielomatik, Cotswold Street, London SE27 (01-671 1211).

The machine enables a manufacturer to cover the boards which make up the case, such as a lever arch file, with either plastics (soft PVC) or paper material, and wide variations in both board thickness and covering material thickness can be tolerated.

A cold glue machine which can work at speeds of up to 80 cycles per minute, it can be satisfactorily run by one operator.

● CONSTRUCTION

Boon for surveyors

HAND - HELD terminals developed for the supermaket are proving a boon for the surveyor, according to UCSL Microsystems.

The latter is to demonstrate a new method of capturing survey data at a conference on "microprocessors and computing in the construction industry," to be held in London on June 26.

The M50 terminal will be demonstrated in conjunction with a Wang minicomputer, and a flat bed plotter. This particular system was initially developed for Aworth Land Surveys, Morden, and is now being made available to other companies and organisations.

The tiny hand-held unit replaces the surveyor's notebook. Previously field information was written down by the observer and then sent by post to the main office where it was prepared and entered into the computer system for plotting. The terminal simplifies and seeds this operation. Surveying data is keyed directly into the hand-held device by the observer. At the end of the day or of that particular job, the terminal is linked to an ordinary telephone using an acoustic coupler.

Data is transmitted down the telephone line straight into the computer.

An advantage is that the terminal incorporates programs designed to give operating flexibility to suit the needs of any land surveyor. It is also able to perform logical and arithmetical checks to ensure accuracy. Operations are thus simplified and because information is transmitted on a daily basis, head office is able to check on the progress of each job.

UCSL Microsystems, Chiltern House, 184 High Street, Berkhampstead. 044 27 71741.

HE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LOREN

Jason Crisp talks to the managing director of a small Scottish company who every two years stages spectacular events like this Thursday's fashion display at Leeds Castle

A castle, a princess and Mr. Packer

Profile

OS CASTLE is one of the l's most beautiful sses. It hit the inter-ial headlines last July it hosted the Israeli and tian foreign ministers as of the Middle East peace It stands on two islands e middle of a 20-acre lake bears geese, ducks and swans, and is surrounded arly 500 acres of woodland elds.

that occasion the castle's attraction was that it not be violated by ists, journalists or other irables. The summer it had been used, for r reasons, as the venue conference of European m Ministers.

Thursday it will close its early and once again host ternational function, but me of a very different ilk. usand people, some flying ir own expense from as vay as Japan and Singa- will gather for a fashion at which the guest of r will be Princess ret.

whole "do" promises to ther spectacular. There be three bands: the ed State Trumpeters of Household Cavalry, the eters of Kneller Hall and nd of the Royal Marines. resentation of the clothes interspersed with joust- n exhibition of dressage Olympic Gold medallist Hunt) and the Eridge vill stream by in full cry.

And there will be champagne for all.

This enterprising venture, which will cost around £200,000, is being staged by a small Scottish company employing less than 200 people, and with a turnover of £3m.

Reid and Taylor, as sartorially conscious readers will know, produces some of the finest cloth for men's suits that is to be had anywhere. It proudly boasts: "The world's most expensive twist suitings." It is perhaps a sad reflection on British purchasing power that only 7,500 suit lengths are sold at home in a year—the company exports 92½ per cent of its annual production of 100,000 lengths. An average suit made up of Reid and Taylor at a Savile Row tailor could cost £400.

Reid and Taylor, a subsidiary of Allied Textile Companies (ATC), has been staging these extraordinary publicity gales, at great expense, for a number of years. The most recent, two years ago, was a midnight show at the Palazzo Pesaro in Venice. Previous ones ranged from Gleneagles in Scotland to pre-civil war Beirut.

Behind these remarkable events is the extrovert John Packer, the 44-year-old managing director of Reid and Taylor and also, almost inevitably, marketing director of ATC. You would be unlikely to think of him as someone who ran a small Scottish textile mill . . . the theatre would be perhaps a better guess.

He does indeed have a slightly theatrical demeanour. Asked about himself he starts: "I was born in an oriel* window," he takes a pause, mockingly widening his eyes, "that is why I am an exhibitionist. I started life in the public view."

Almost all Reid and Taylor's marketing budget goes into these occasions; once an annual occasion, they are now being held only every two years because of the expense. The important point about them is that they have to be extraordinarily well done—the company's cloth is supposed to be the best, so the association of the gala must also be with the best.

The flamboyance, the pursuit of "the best of everything," the precision of organisation of these events are all down to Packer, although he says it all mystifies his own Board, which allows him these "eccentricities" because he delivers the goods.

It almost goes without saying that Packer dresses with impeccable style—your scribe, while having taken the precaution of wearing his best suit, still looked like the unfortunate in one of those old Moss Bros ads alongside him.

It is not untypical of him to say: "Don't you dare call me dapper . . . in fact there are three words I would hate you to use. One is 'dapper' and I object to being called 'elflike'" (why anyone should consider him elflike is unclear). He goes on: "Nor would I want you to describe the event at Leeds Castle as being an 'extravaganza' because it suggests overspending in a tasteless sort of way."

Packer was born in Wakefield and his parents owned a spinning mill—as did their parents before them. While it was an introduction to the world of textiles, Packer says he was not greatly enamoured of spinning—with just a thread as an end-product.

But he went to Leeds University to study textile design, together with Fine Arts, French and German.

After a year studying business management he then trained at an officer cadet school before being commissioned in the Kings Own Yorkshire Light Infantry for national service.

About six weeks before the end of his national service, so he recounts, he was sitting over breakfast on Sunday morning in the Mess leisurely reading the newspapers when a shaft of sunlight shining over his shoulder suddenly caught an advertisement in the classified columns "The managing director of a textile company making outstanding cloth wanted an assistant with knowledge of textiles who was fluent in French and German."

It was, he says, an almost perfect description of his talents. Upon being demobbed he became assistant to Robbie Scott-Hay, the then managing director of Reid and Taylor. It was Scott-Hay who is claimed to have introduced the "thematic" approach to cloth design—a ploy which has since been adopted by many other textile manufacturers. An actual example of themes taken by Reid and Taylor include the colours from the stained glass windows of La Sainte-Chapelle in Paris, or a family of salmon flys.

When Scott-Hay died in 1965 Packer succeded him as a managing director and took the "thematic" approach a dramatic step further. "I saw a real need to show cloth in its made-up form—rather than in little square patches incorporated in a glossy brochure—so I realised we should go into fashion."

He persuaded Norman Hartnell, the Queen's dressmaker who died earlier this month, to do the designs. The show was done on a Boeing 707 with the seats taken out. It was unusual enough to attract ample television and Press coverage and the plane flew to Brussels, Milan, Munich, Dusseldorf and Copenhagen, the tiny Scottish company becoming the centre of attention at every stopover.

Since then the "events" to launch Reid and Taylor's new lines of cloth have become more splendid and more dramatic.

Packer's own involvement with them is all-consuming. He dreams up the theme, he chooses the place, he names the scenes, he chooses the designs of the clothes, and so on, supervising down to the smallest detail, demanding that everything is "exactly right" and "just so." He is impresario, director, producer, script writer, master of ceremonies, not to mention exacting task master. And he loves it.

The detail is so important too. The ladies sitting at the top table are told beforehand what colour the back-cloth behind them will be—so they can choose their dresses accordingly.

But while he may enjoy the drama of it all, it would be wrong to forget its sound commercial logic. For a small company at the top end of the market it is a most effective form of promotion.

Not only will Thursday's gala at Leeds Castle attract publicity, it will also provide a memorable association in the minds of the company's 1,000 guests and—providing disaster does not strike—also a favourable association. (Half the guests are paying, the proceeds going to the Dockland Settlement Trust, of which Princess Margaret is President.)


Roger Taylor

John Packer at his suite in the Ritz

In the Far East, where the cloth is bought to be given as part of the gift buying tradition, it is strictly the exotic luxury cloths which sell—chinchilla, sable, cashmere and worsted. In Europe the demand is for hard-wearing twist cloth, Germany being Reid and Taylor's biggest single market; it accounts for nearly 30 per cent of total sales.

After following the Middle East peace talks to Leeds Castle Packer will no doubt be thinking of taking his next gala to Camp David.

* oriel, Large windowed polygonal recess projecting usually from upper storey and supported from ground or on corbels: Concise Oxford Dictionary.

Management training—an emerging invisible export

E increasingly competi- ea of international man- it training, Britain is ng as a popular choice, s as a result of a newly link between the major ining organisations.

ite their diverse and mes competitive activi- ost management schools w members of the British ement Training Export l, which is playing a small but active part in selling their services abroad.

Last year, the 30 members of the council netted more than £3m in invisible earnings generated by management training, and as business activities in developing countries expand, this figure is likely to rise steadily.

Although the United States would appear to be more attractive to aspirant trainees, there is evidence that its strong capitalist ethic is sometimes a deterrent, particularly in Third World countries with social democratic leanings.

Since Britain offers the English language and a generally unbiased range of management schools, plus a mature if not fully satisfactory management-trade union structure, it is assumed by many countries to be the place for well-rounded management training.

This, at least, is the view of Mr. Bill Richards, chairman of the council, which he founded in early 1977 and has administered since. The active support of both the London and Manchester Business Schools has been vital to its success so far.

The basic need for such an organisation, which held its first national conference this month, was made apparent by the inability of schools to spend sufficiently large sums on marketing their services abroad.

Now, with contributions to the council of £200 a year, they receive a limited marketing service, with the assistance of the British Overseas Trade Board, the British Council and Embassy posts.

The cost of courses ranges from around £300 to as much as £3,000 for a full academic year at one of the major business schools, and perhaps surprisingly there has been a strong response from the United States, and from other European countries.

There is also a considerable flow of trainees from Third World subsidiaries of British companies, which see the benefit of improving the capabilities of local management, particularly where there is pressure for more involvement of nationals.

However, one of the persistent problems facing management schools is the language and culture gap which these candidates must overcome, and classes are often restricted to no more than a limited number of foreigners, usually a third.

Another form of training is provided by some council members who send UK staff abroad to conduct courses there, or provide educational software such as audio-visual courses. This latter method is increasingly popular.

The council recently mounted a sales campaign in Brazil and, significantly, attracted a large number of inquiries from West German, Swiss and other European-controlled companies.

Mr. Richards' view is that while Britain may not have been too successful recently in the export of manufactured goods, its ability to sell services abroad has never been better, and that management education should be vigorously marketed.

Mr. Richards would like to see closer co-operation between the members, perhaps in the amalgamation of courses which are only marginally profitable, and overall pooling of information. However, this also raises the question of higher contributions.

And most participants feel there are dangers of conflicts of interests in expanding the scope of the council and bringing members closer together. Although no regional management colleges have joined, there is thought to be some benefit in links with industrial training boards, creating cross-fertilisation between state and private enterprises.

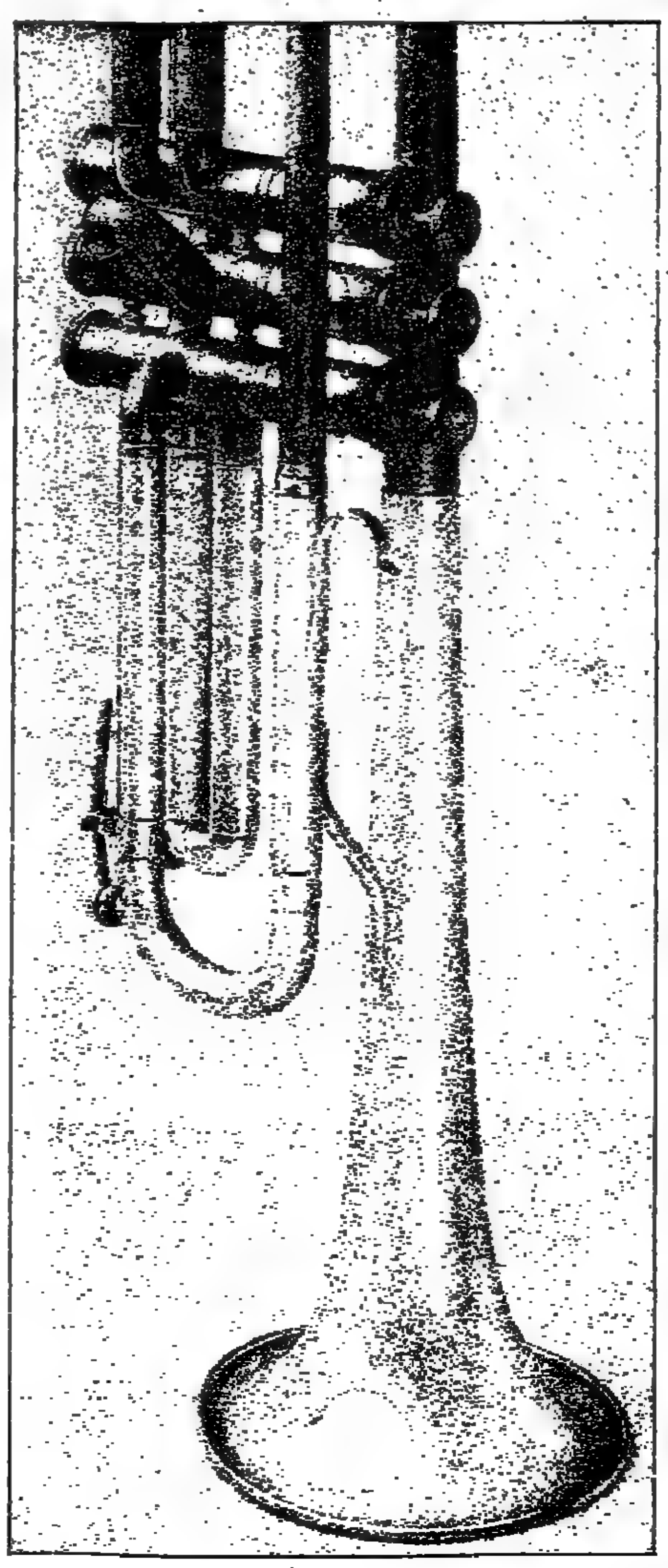
But as Mr. Richards points out, the council's policy is decided by the members, who meet four times a year, occasionally with the participation of an interested body such as the British Council or the Central Office of Information.

The overall optimism of the council is illustrated by recent efforts to interest the Chinese in management training. Chinese involvement will almost certainly become necessary as the increasing amount of commercial contact with the West creates the need.

Most management schools are well aware that the disciplines of Western business practice can fairly easily be learned by rote, and the dangers of this are evident.

But it is also clear that there is a vast job to be done in providing Third World countries with capable managers who fully understand the activities of their companies and run them according to international standards.

Lorne Barling



LOMBARD

A bold approach to the CAP

BY JOHN CHERRINGTON

IN A SPEECH recently reported Mr. Roy Jenkins, President of the EEC Commission, *tried to defend the cost to* Britain of the Common Agricultural Policy and EEC mem*bership generally by stating* that it amounted to no more than £10 per head of the British *population.* He argued that Britain got some sizeable advantages from membership. Had Britain not joined the Community the cost of running a deficiency payments scheme for farm price support would amount to £1bn.

Direct cost

Either Mr. Jenkins got his sums wrong, or he was wrongly briefed as to the direct cost. This is now apparently agreed by the Commission itself as being around the £1bn mark for the current year, roughly £20 per head of the population of *the UK. This sum is made up* of the overall budgetary contributions plus the proceeds of levies and duties and is a direct cost to the balance of payments.

Payments from the Community fund are in general the monetary compensatory payments or subsidies paid on farm exports to this country and others *like Italy and* France with weaker currencies. Until 1976 these monies were paid *over to the importers* directly, and thus could be termed a return of subscription. Since then they have been paid to the exporting countries and are only indirectly an advantage to Britain in that they could be held to keep prices down.

On this score it must be realised that the MCAs, if indeed they are subsidies to the consumers in this country, are largely paid for by the British *contribution. They are just as* much a subsidy both in cost and in advantage as any de*ficiency payment would be,* except that in the EEC case they have been paid for by a transfer of funds outside the British economy. A deficiency payment scheme, even of the magnitude of a billion pounds annually, would be a charge on the Exchequer and not of overseas payments.

The recent agreement in Luxembourg will do nothing to improve the position: indeed it could make it worse. The overall cost of the CAP will rise inexorably this year because of inflation and increasing production of milk. The reduction of the MCAs through the *devaluation of* the Green Pound will mean that there will be reduced subsidies on Com*munity imports.*

Deficiency payments need not be a burden on the taxpayer. The *1931 Wheat Act, for* instance, subsidised a degree of home production of this cereal *by imposing* a levy on imports of milling wheat, the proceeds of which guaranteed a price for a quota of home-produced wheat.

There is no evidence that a *deficiency payment* need amount to anything like £1bn. Its size would depend entirely on the level of prices of imports and on prices guaranteed to British farmers. It could still work in the British context because Britain is a temperate food deficit country. But as long as the CAP continues in its present *form Britain will have to go on* paying a major part of the bill.

The further devaluation of *the Green Pound* for which Britain is now asking will only make the situation worse. The subsidisation effects of the MCAs will be lost, although the extent of this is impossible to estimate because it will depend on British market prices.

Unfairness

It is very difficult to see just how Britain can be relieved of the disproportionate share of the cost of the Community within the existing rules. The extent *of* this unfairness has been recognised by various spokesmen. For instance, an Irish Minister has stated that it is no more than the cost of maintaining Northern Ireland, others that it is no more than 1 per cent of the UK GNP, a price well worth paying for the unity of Europe.

This of course is special pleading. The most vocal defenders of the CAP are those who gain the most benefit from it, and it is fair to question whether this price for European unity is really necessary or worth while.

Per Capita net receipts from EEC Funds £ per year—1978.

		£
UK	−	20
West Germany	−	11
Italy	−	12
France	+	14
Belgium / Luxemb'g	+	16
Holland	+	45
Denmark	+	124
Ireland	+	158

Source—Cambridge Economic Policy Review.

Golden oldie of industrial photography

INDUSTRY RARELY is comfortable and confident when *making use of art as a tool.* The criteria are so frequently different from those of technological or commercial decision-making that it is not surprising that much of industry's creative judgments are entrusted to advertising or public relations agencies. Many industrialists and businessmen earnestly want to employ creative media in an intelligent and imaginative way, but the logical style of the successful businessman is often in conflict with the *inexplicable genius of* the artist. Thus some of the most inspired industrial films of the *last 50 years have been made* almost in spite of the sponsor—or perhaps through some accident in sponsoring control.

Of all the creative media employed by industry, still photography has been possibly the least successful in breaking away from control in this way. Photography is more obviously a functional tool with very specific tasks to perform in displaying content and detail. In this situation, the average still photographer has tended to act under strict instructions, rarely asserting an original or individualist approach. In consequence industrial photography has become stuck in a rut, forever refining past styles instead of trying to discover new ones. The tradition at its contemporary zenith can be seen on display in London at an exhibition of work for *fellowship admission to* the Institute of Incorporated Photographers. Open until 6th July at the Kodak Photographic Gallery in High Holborn, the exhibition is a remarkable tribute to the technical *polish* now achieved by the medium—with impeccable image quality *and superb colour reproduction.* But mostly one feels it has all been seen before.

The archetypal industrial photograph has a welder inside a huge steel tube, dramatically illuminated from the rear to yield crisp rim highlights and dark foreground shadows. The *composition, of course, makes* elegant use of the curving shapes of the tube, the welder's silhouette and the arc of sparks from the welding gun.

Exhibition

One reason why this has become so very tiresome in 1979 is that it was done so very much better over 30 years ago by the man who with unchallengeable justification has been called the father of British industrial photography — Mr. Walter Nurnberg. Some indication of the esteem now accorded to Nurnberg comes with the accolade of a one-man exhibition at the Science Museum in London—which opened last Friday.

Mr. Nurnberg's industrial photographs are characterised by their use of light and texture. Nurnberg machines stand out from the photographic paper on which they are printed; a Distillers photograph of 1962—Malt Shovels—gives textural lightness to a heap of fibrous malt. As befits his Berliner background of the 1920s and 1930s, composition plays a powerful part in all of his photographs — sometimes assuming a nearly formalistic pattern (despite his link with a German movement of the 20s called Neue Sachlichkeit or New Realism). It does all look *rather passé* now, inevitably with so much imitative gloss emerging from the glazing machines of industrial darkrooms. When you look at Nurnberg pictures, you have seen it all since—not before—and seldom so well done.

Yet I suspect his most precious gift to industrial photography, something so sadly lacking today, is his ability to deal with businessmen intelli*gently and on their own level.*

At the opening of his exhibition last week, he paid tribute to his clients for "their encouragement and trust," vital elements in the successful deployment of functional art. Mr. Nurnberg himself inspires these qualities by his mature, businesslike way of utilising his own intellectual and creative qualities; just the combination that every industrial sponsor needs but hardly ever gets.

As an example of the kind of attitude that has to be effectively dealt with, Nurnberg told *me the story of one client* who entrusted liaison with him to the company's drawing office. On being presented with the finished photographs, of foundry castings, these two-dimensionally orientated draughtsmen rejected them as unusable "because they have shadows." Nonetheless, they reckoned it wouldn't matter "because *they* will be air-brushed."

I failed to hear the end of this story, but like to think that Nurnberg used his charm and intelligence to allow the client to see the light. What happens in such a situation is a confusion over function and priority. Although photography is a reproductive medium, it is also an interpretative medium. A pic*ture of a casting taken with flat* lighting might be a more objective representation, but reproduced on paper it will lose its three dimensions and needs the help of the photographer to make it comprehensible.

In many cases, industrial photographs are also required for use in newspapers, magazines and brochures—not for technical purposes—and the eye of the beholder needs to be attracted, beguiled and even (dare it be said) deceived. Here the interpretative talent of the photographer needs full rein, not the control of a client who *cannot see the trees for the* wood—the exciting raw material for the unexceptional product.

There are *industrial photo*graphers around today who are capable of lifting the medium back into creative heights. But their creativity is largely stifled by the routines of the profession itself—preoccupied with technical standards, business routines and the stylistic traditions of the past.

It is not helped by the anonymity of the industrial photographer. If there is an enterprising client ready to chance his arm with something entirely different, he will experience great difficulty in tracking down *the talent.* A *substantial* and serious attempt to improve this situation was made some years ago when the Financial Times ran its annual Industrial Photography Awards; most of the photographic industry still looks back on this event as *having done more* than any other to raise awareness of the medium and draw attention to individual talent.

Money problem

The photographic profession itself failed, however, to exploit this lead, and it has been left *mostly* to Kodak—who have sponsored the Nurnberg exhibition—to provide the sustaining force in promoting industrial photography. One of the problems is money. The Institute of Incorporated Photographers cannot finance the kind of campaigns needed, and outstanding talents are paid insufficient to *stay in industrial photography* if there is a chance to move into the more lucrative fields of fashion, magazine and advertising photography. There, perhaps, is the crux of the problem. Industrial photography is not a trendy field like fashion—even though it tries to emulate trendiness. Maybe it should draw its inspiration from a *greater com*mitment to industry and forget the phoniness that dominates commercial photography today.

FILM AND VIDEO

BY JOHN CHITTOCK

Price fields a strong team

RACING

BY DOMINIC WIGAN

RYAN PRICE fields a strong team *today. At Brighton his* runners include Quite Candid and Schweppeshire Spy. At Pontefract he runs Schawafah and Gibraltar. Salam to Drone has also been left in at the Yorkshire course but his run there in yesterday's opener must make him a doubtful starter.

My idea of Price's best prospect is the three-year-old Shawafah. This grey filly by Runnymede out of the Doutelle mare, Sailing, ran well until tiring close home behind Mozart Sonata at Wolverhampton on her debut early in April. She again put up an encouraging effort at Folkestone a short while later, before making little impression in testing conditions *at Windsor, where she took on* 20 opponents in the Park Royal Handicap.

In the belief that today's faster surface and less testing track will see her to far better advantage, I intend giving Shawafah another chance to prove that she is not without ability.

The Candy Cane horse, Quite Candid, *still has* a good deal of ability, as he showed at Epsom on Coronation Cup Day, where he chased home Crested Grebe at five lengths in the £7,000 Northern Dancer Handicap. With a far less searching test in front of him in this afternoon's Operatic Society Handicap, Quite Candid can gain an overdue success. He may be followed home by the veteran Jim Old's course and distance winner, the veteran Winged Dagger.

If Schweppeshire Spy had not been caught flat-footed at the start in the Shoreham Stakes at the last Brighton meeting, he might well have won. If he gets off on level terms in the Eastbourne Stakes, *he should score.*

Troy is the only one interesting the public in Saturday's *£140,0000 Irish Sweeps Derby* at the Curragh, and the seven-lengths Epsom winner is now *top* quoted at 2-1 on by the Tote.

BRIGHTON

1.30—Millville
2.00—*Schewppeshire Spy*
2.30—Victory Hymn
3.00—Quite Candid*
3.30—Misty Fantan
4.00—Gimri
4.30—Maxi's Taxi

PONTEFRACT

2.45—Shawafah***
3.15—Dansky**
4.15—Fine Sovereign
4.45—Ocean Maid
5.15—Daikoku

TV Radio

† Indicates programme in in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.10 *For Schools, Colleges.* 1.30 The Flumps. 1.45 News. 1.55 Wimbledon: Results, summaries. 4.18 Regional News for England (except London). 4.20 Play School (as BBC2 11.00 am). 4.45 Hunter's Gold. 5.10 Ask Aspel. 5.35 Fred Basset.

5.40 News.
5.55 Nationwide (London and South-East only).
6.15 Wimbledon highlights.
7.25 Centennial.
9.00 News.
9.25 I Didn't Know You Cared.
9.55 Gold On Ice.
10.45 Tonight.
11.25 Multi-Racial Britain.
11.55 Weather/Regional News.

All Regions as BBC1 except at the following times:

Scotland—5.55-6.15 pm Reporting Scotland. 11.55 News and Weather for Scotland.

Wales—4.45-5.10 pm Lladron Donaw. 5.55 Wales Today. 6.15 Heddiw. 6.35 Join BBC1 (Wimbledon). 11.55 News and Weather for Wales.

Northern Ireland—4.18-4.20 pm *Northern Ireland News.* 5.55-6.15 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.15 Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.30 It's A Great Life—If You Don't Weaken.
11.00 Play School.
2.00 You and Me.
2.15 Wimbledone 79.
8.00 Mid-Evening News.
8.10 Brass Tacks.
9.00 Rhoda.
9.25 The Mayor of Casterbridge.
10.20 Top Gear.
10.50 Late News.
11.05 Wimbledon highlights.
11.55 Closedown reading.

LONDON

9.30 am Schools Programmes. 11.55 Sinbad Junior Cartoon. 12.00 Paperplay. 12.10 pm Stepping Stones. 12.30 The Sullivans. *1.00 News plus FT Index.* 1.20 Thames News 1.30 Crown Court. 2.00 The National Gallery. 2.30 Westside Medical. 4.20 Runaround. 4.45 Words on War. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 What's On Next?
7.30 Thundercloud.
8.00 The Streets of San Francisco.
9.00 Rumpole of the Bailey.
10.00 News.
10.30 Camera.
11.00 My Name is Bond . . . James Bond.
11.45 Barnaby Jones.
12.40 am Close: Personal choice with Richard Briers.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.30 This Year, Next Year. 3.25 Out of Town. 3.55 Friends of Man. 6.00 About Anglia. 7.00 Enterprise. 7.30 Feature Film: "Death Drums Along The River," starring Richard Todd. 11.45 The Entertainers—Georgie Fame. 12.15 am Thames.

BORDER

1.20 pm Border News. 2.25 This Year, Next Year. 3.20 Bygones. 3.50 Untamed World. 5.15 Out of Town. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Film: "The Hatfields and the McCoys," starring Jack Palance. 11.45 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, and What's On Where. 2.30 This Year, Next Year. 3.25 Oh No It's Selwyn Froggitt. 3.50 In Search Of . . . 5.15 Stars On Ice. 6.00 Report at Six. 7.00 Survival. 8.00 Fantasy Island. 10.28 Channel Late News. 11.45 Police Surgeon. 12.10 am *Visages de France.*

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. 12.30 Feature Film: "Sink the Bismark," starring Kenneth More. 5.15 Gambit. 6.00 Grampian Today. 6.05 Out of Town. 11.45 *Reflections.* 11.50 *Power Without Glory.* 12.40 am Grampian Late Night Headlines.

GRANADA

1.20 pm Cartoon. 2.30 This Year, Next Year. 3.25 The Story of Wine. 3.50 Gambit. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.35 Emmerdale Farm. 7.05 University Challenge. 7.35 The Tuesday Matinee: "Panic On The 5.22." 11.45 Bluey.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.30 The Tuesday *Matinee: "Bachelor of Hearts."* 5.15 Melotcons. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 7.00 Definition. 7.30 The Tuesday Movie: "Cover Girls." 11.45 Westside Medical.

HTV Cymru/Wales—As HTV General Service except:— 1.20-1.25 Penawdau Newyddion y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y *Dydd.* 6.30-7.00 *The Quiet* Ten followed by 10.30-11.00 Bywyd.

HTV West—As HTV General Service except:— 1.20-1.30 pm Report West Headlines 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 2.30 This Year, Next Year. 3.30 Oh No It's Selwyn Froggitt. 4.00 Funky Phantom. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 *What's Your Problem?* 7.00 *Emmerdale* Farm. 7.30 TV Movie: "Dying Room Only." 11.45 Late Call. 11.50 Pro-Celebrity Darts.

SOUTHERN

1.20 pm Southern News. 2.30 This Year, Next Year. 3.25 Stars On Ice. 3.50 *The Rolf Harris Show.* 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 7.00 Emmerdale Farm. 7.30 "Night Terror," starring Valerie Harper. 11.45 Southern News Extra. 11.55 George Hamilton IV.

TYNE TEES

9.25 am The Good Word followed by North-east news headlines. 1.20 pm North-east news and lookaround. 2.30 This Year, Next Year. 3.20 Time to Spare. 3.50 Untamed Frontier. 5.15 Mork and *Mindy.* 6.00 *Northern Life.* 7.00 Emmerdale Farm. 7.30 Duel. 11.45 Check It Out. 12.15 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.30 Tuesday Matinee: "It's All Happening," starring Tommy Steele and Michael Medwin. 4.18 Ulster *News Headlines.* 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Milestones or Millstones. 6.30 Alright Now. 7.00 Emmerdale Farm. 7.30 Tuesday Movie: "Cyborg 2087," starring Michael Rennie. 11.45 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.30 This Year, Next Year. 3.25 Oh No It's Selwyn Froggitt. 3.50 In Search Of . . . Earthquakes. 5.15 Stars On Ice. 6.00 Westward Diary. 7.00 Survival. 8.00 Fantasy Island. 10.28 Westward Late News. 11.45 Police Surgeon. 12.10 am *Faith for Life.* 12.15 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.30 *This* Year, Next Year. 3.25 Calendar Tuesday. 3.50 Sounds of Britain. 5.15 Little Vic. 6.00 Calendar (Emley Moor and Belmont eds). 7.00 Emmerdale Farm. 7.30 "Duel." 11.45 George Hamilton IV.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 *Paul Gambaccini.* 7.00 *Personal Call.* 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 2.03 pm Pete Murray's Open House (S) (continued from Radio 2 12.30 pm). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 John Dunn *(S). 7.00 With Radio 2. 8.02 Harding* Festival 1978 (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am: With *Radio 2.*

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) (continued on vhf). 2.03 Wimbledon '79, including 4.30 Waggoners' Walk. 7.02 On The Third Beat (S). 7.30 Sports Desk. 7.33 Folk '79 (S). 8.02 Boxing Special. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture part 1 (S). 8.00 News. 8.05 Overture part 2 (S). 9.00 *News.* 9.05 *This Week's Composer:* Tippett (S). 10.00 "L'Ecole d'Orphee," Concert, part 1: Couperin (S). 10.50 Interval Reading. 10.55 Concert, part 2: Bach. 11.40 Songs by Parry and Brahms (S). 12.15 pm Midday Concert, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Midday Concert, part 2 (S). 1.55 Cello Sonatas (S). 2.40 BBC *Northern Singers at St Asaph* (S). 3.45 Czech Philharmonic Orchestra (S). 4.55 Jazz Today (S). 5.25 Homeward Bound (S). 5.45 News. 5.50 Homeward Bound (S). 6.15 At Home (S). 7.10 *A Musical* Ramble (S). 7.30 Michala Trio concert (S). 8.00 Muti Conducts Tchaikovsky, part 1 (S). 8.55 On Producing Plays in Russia (discussion). 9.15 Muti Conducts Tchaikovsky, part 2 (S). 10.00 Scuimma Stravinsky (talk). 10.45 Building a Library of records (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day, 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre. 11.30 A Sideways Look At . . . 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 *News.* 2.02 Woman's Hour. 3.00 News. 3.05 Plays On 4. 3.10 Questions to the Prime Minister. 3.55 The Adventures of Harry Richmond (S). 4.30 Announce*ments.* 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 Energy: What *Next?* 9.30 Kaleidoscope 9.59 Weather. 10.00 The World Tonight. 10.30 Lines from my Grandfather's Forehead. 11.00 A Book at Bedtime. 11.15 *The Financial World Tonight.* 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 *Rush* Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black *Londoners.* 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. 1.05-5.00 Join Radio 2.

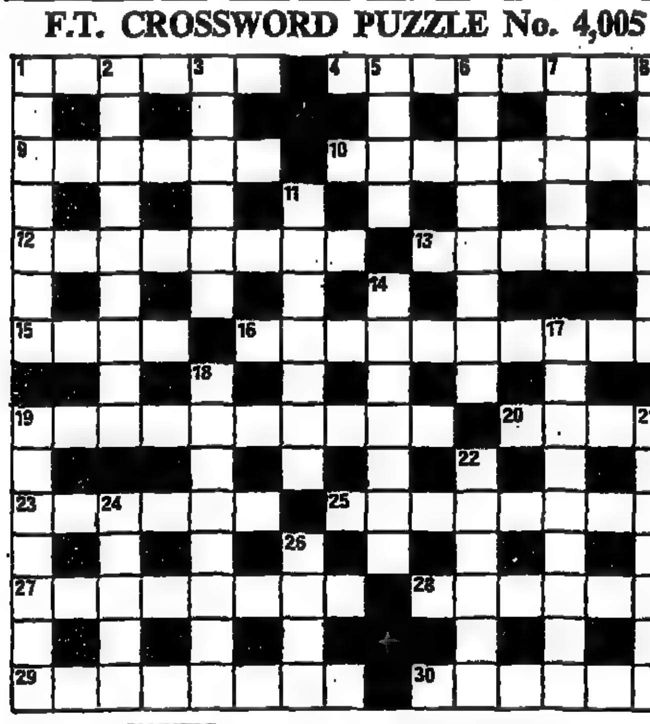
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,005



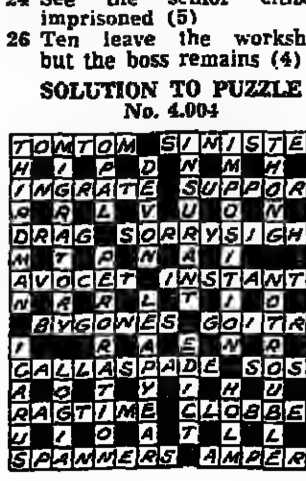
ACROSS

1 Money in the bag is lessening (6)
4 It seems fair for debts to follow a gamble (8)
9 Canoes will certainly break up in these waters (6)
10 Moore's final bloomer in song (4, 4)
12 Where one lives with successes — visitors are pointless (4, 4)
13 Don't despair—Teddy's out of bed (4, 2)
15 Measures of punishment (4)
16 "All kings and all their ——" (Donne) (10)
19 Some sorrel reappears in round numbers (4, 2, 4)
20 No one is coming back—that is a bad sign (4)
23 Company to feature on the Malabar coast (6)
25 The age is after drink in a cask (8)
27 Important people going great guns (3, 5)
28 Undiminished in diplomacy (6)
29 Can age or trouble be the Utopia? (8)
30 Unconscious serpent round the shelter (6)

DOWN

1 Show concern about the right relation (7)
2 The month for lobster (9)
3 Good tidings, if we are without intelligence (2, 4)
5 Peter includes the novice in his scheme (4)
6 It's authoritative if it comes from here (8)
7 There is nothing obstinate to savour (5)
8 Sound ways up in barren plains (7)
11 *Involves a salient reform* (7)
14 Emerges when father is not at home (4, 3)
17 "Thou art more lovely and more ——" (Sonnets) (9)
18 His wife had her eye on Joseph (8)
19 Gruesome symbol of authority including a broken bar (7)
21 No Poles surpass the express (3-4)
22 Quarrels can be just part of *an act* (6)
24 See the senior citizens imprisoned (5)
26 Ten leave the workshop, but the boss remains (4)

SOLUTION TO PUZZLE No. 4,004



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. Final weeks NUREYEV FESTIVAL Evgs. 7.30. Mat. Sat. 2.30 With MURRAY LOUIS DANCE COMPANY of America.

THEATRES

DRURY LANE. CC. 01-836 8108. Evgs. 8 pm. Friday and Sat. 6 pm and 8.45 pm. The Rio Extravaganza BRASIL TROPICANA NOW BOOKING FOR RETURN ON JULY 2

THEATRES

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Rehearsed Readings Evs. 7.30. Ton't Tomor THE SMELL OF FANTASY by K. W. Ross. Thu, Fri, Sat. THROUGH THE KALEIDOSCOPE by John Stevenson.

CINEMAS

هكذا من الأصل

THE ARTS

Rod Beattie as Bolingbroke and Nicholas Pennell as Richard II

ford, Ontario—2

Richard II in two parts

by B. A. YOUNG

is only one Shakespeare the first month at the more conventional theatre, the Avon — II. It is being used in ction directed by Zoe to display some of the members of the com- Richard and Boling- Three differently cast nces were given in the k, of which I saw two. have seen all three, nted a second look at *abour's Lost.* In the missed, Richard was by Stephen Russell, in *Henry IV,* and ke by Craig Dudley, a nber of the company.

ay is not so much acted nted as a pageant. On Dare's rectilinear set, w stepped platform on e, the characters are into symmetrical pat- predominantly facing e. Moves are some- riously illogical in the s pursuit of a symmetry gests old primitives and lly contrives a sudden as—when Bolingbroke bray face one another age on their metal

noves seem to be made orial purposes only. Act 4 the Bishop is for treason and the Westminster is told to off, they move from up down left, simply to Aumerle, who moved rom up left to down answer Bagot's charges. es they cross in front ing (if Bolingbroke is th their backs to him. en Northumberland has trying to get Richard his list of crimes and d upstage with his back dience, Aumerle moves ctly equivalent position ther side of the stage. g their backs on the God's substitute, his he anointed King — is only eccentricity the mit. They address him, another, through the their heads in order the picture right. Only condemned cell at where Richard stoutly the halberdiers of xpedition, is there more an is needed to change frame to the next.

opportunities are thus al restricted. Subtleties sought for save in own part; the charac- presented as boldly as rds. This makes the very clear and easy udience unlikely to be with the play; but it long the first act. In olingbroke's and Mow- xile is so laggardly ed, beyond reasonable

mple of inner character- tion is noticeable, be- suggests that Miss is more than usually d to Richard's homo- . When the King is his miserably submis- ches at Flint Castle, he e hand of the boyish Aumerle (Lorne Kennedy, very good), and Aumerle stealthily puts an arm round his waist. Both the Richards I saw did this, Nicholas Pennell and Frank Maraden, so it is evidently director's business.

Nicholas Pennell is a truly aristocratic Richard, but his easy relaxation in private, sitting on the floor among his chums, hints at his ready submission at Flint. The divine right of kings is taken off and hung up if it means trouble; but as long as it is there, it is there in force. The dreadfully pathetic speeches at Flint are beautifully done. Rod Beattie plays Bolingbroke, a little dark, gipsy figure, wild with ambition, not an enemy I would want to make; the sacred balm must have fizzled as he was anointed King.

The other *Richard* I saw, Frank Maraden, immensely tall and thin, has an other-worldly look both in command and in defeat. Stealing the estate of John of Gaunt is not really in his nature; Bushey, Bagot, Green and that clique must have put him up to it. He has a way of taking long speeches on a single note; he does "Sad stories of the death of kings" like this, but then he relapses movingly into tears. Mr. Maraden's Bolingbroke is Jim McQueen, relaxed, not far from romantic. He is more "real," less ceremonial, than anyone in the play as he circles the Duke of York after his return from exile, like a dog sniffing a suspicious intruder.

York is played with dignity by Eric Donkin; the comic race with Aumerle and the Duchess (Jessica Booker) comes off well. William Needles has the presence for John of Gaunt, though in his "this earth, this realm, this England," bit he too has the one-note disease, though in his case it is one phrase.

Among the smaller parts I liked Michael Totzke as Henry Percy, who moves with grace and speaks undisguised Canadian (he is a local boy) with music and clarity—one of the special dividends of this Festival. It seems to me, for I have always urged that we should have more chance of hearing North American players in classic parts.

Without meaning to attribute any more importance to Mr. Totzke than his merit deserves, I can take him as a symbol of one of Stratford Festival's particular virtues: for here is a young actor with a talent for Shakespeare and an eagerness to play it, and where in Canada, or in the U.S. either, is he to play it in first-class productions if not here? There are a number of young players in the company, and on them will lie the responsibility for ensuring that there is a good Canadian tradition for Shakespeare in the future.

The other plays at the Avon this month are all non-Shakespearean, and two of them are held over from previous festivals. *The Importance of Being Earnest,* under Robin Phillips's direction, first appeared in 1975 and was shown again two years ago. There have been casting changes since then; Domini Blythe now plays Gwendolen, quite splendidly, and a beautiful match for Marti Maraden's appealing Cecily, who is able to drop sugar into a cup of tea more expresssively than anyone I ever saw. Algernon is now played by Barry MacGregor, an actor with a wide, easy-going face ideal for a playboy younger brother.

Unchanged is William Hutt, who plays Lady Bracknell with an absolute absence of camp and an exemplary ability to extract its full content from each line. "A handbag" has now become as crucial a line as "Kill Claudio." Mr. Hutt precedes it with a 10-second pause in which he lowers his head slowly in a series of small movements each one of which earns an individual laugh from the house. His entry in the last act, like the statue of the Comendatore in *Don Giovanni,* the single feather in his hat quivering with indignation, is something to remember for ever.

Sheldon Rosen's *Ned and Jack* played last year but has been much rewritten for this, to its advantage, but not to that of Dean Howe, who plays Edward Sheldon's manservant. His part has almost disappeared; he is seen at the start of Act One to establish that Mr. Sheldon — Ned — is suffering from creeping paralysis, and that's it.

Alan Scarfe plays John Barrymore — Jack — as he did last year. He enter's Ned's room at four am, after opening in *Hamlet* and seducing a drama student, via the fire escape and a window. "Have I done something to offend you?" he asks later, and it is a measure of Ned's patience that he forgoes his obvious reply.

Mr. Scarfe's is a beautiful performance, Barrymore's singing vowels ably reproduced. Jim McQueen plays Ned. I have to say that I found the character uninteresting and the play unconvincing, but Mr. McQueen is neither of those things.

Last year there was a nice production of *Candide,* and to keep up the musical tradition, Burt Shevelove has invented a musical from an old play by Philip Barry, *Holiday,* and a bunch of Cole Porter's mostly unremembered songs. The genre of the play with songs is one that in principle I like, but *Holiday,* or as it is now called *Happy New Year!,* proves to have too little substance by the time that half the dialogue has been removed to make room for the songs. Moreover the songs themselves are neither tuneful nor witty; the magic of Cole Porter's name won't work by itself.

And the direction, by Mr. Shevelove himself, is fatally slow. Well, there's always a credit side; Edward Evanko is attractive as Johnny Case, a self-made tycoon who wants to marry the daughter of a society-made tycoon who is locked in a world where "We do what's done." (The date is 1933.) And Victoria Snow is charming as the younger sister of Johnny's convention-bound fiancée Julia.

British Museum

Medals: the mirror of history by ROY STRONG

The Medal, Mirror of History is the first exhibition devoted to the medal from its re-invention in the renaissance to the present day that I can ever remember. It is a marvellous and neglected subject and a very difficult one to do in exhibition terms without giving in to introducing photographic blow-ups which distort the medal's true intent. The essence of a medal is after all to handle it in the palm of one's hand, to contemplate the countenance of the sitter, and turn it over to read the message on the reverse. There is something immensely satisfying in fondling a medal, moving it so that it catches the light, thus animating the features and sculptural content. Twenty years ago when I was taught about the renaissance medal as a student at the Warburg Institute we were one day taken over to the Victoria and Albert Museum and all lined up outside the door to the Department of Architecture and Sculpture. A member of the staff issued bearing a medal which was solemnly passed from hand to hand along the line. It was a brief handling but one which I will always be grateful for, because it brought home to me all that the medal represented to the dynamic society of renaissance Europe, its cult of antiquity, of the individual, of immortality achieved by means of art, its love of obscure and riddling emblematics. All this sat in the palm of my hand for a brief fleeting moment.

So medals like portrait miniatures present enormous problems when it comes to presenting them to a mass public. As far as it is possible the exhibition at the British Museum has overcome some of these by opting for a classic non-gimmicky installation, a riband of medals encircling the room at eye-level with the interpretative material above and the labels below. The decision to omit larger material has robbed the show of anchor points, although it can be argued in its favour that it does draw the informed eye in on to the objects themselves.

And how marvellous they are! How often we forget that some of the greatest of portrait sculpture is embodied here in these tiny objects. Pisanello with his joyous frieze of early renaissance heroes and heroines: Sigismundo Malatesta, the villain of Rimini, tight-lipped, his face composed like some African tribal head: the Greek Emperor, John VIII Palaeologus, whose angular odd hat, which created a sensation at the time, was to reappear in so many Florentine frescoes, or the lady Cecilia Gonzaga with her vanquished shaggy yak-like unicorn.

Four hundred years later d'Angers and Legros in the France of the Romantic movement exhibit the same vitality of characterisation as they drove a path, rejecting academic banality, sculpting their sitters with a rugged bravura that embodied the movement's belief, parallel to that of the renaissance, in man's unique powers of self-determination and achievement.

The medal within the European tradition is fundamentally about people and posterity. Its motivation is a belief in immortality, that when all that is transitory has perished, that when the flesh and bones have fallen into dust, the features will live on to gaze out from the medal's surface upon eternity. And so the medal was born with all this in mind as deliberate revival of an antique form at the court of the Lords of Carrara (where Petrarch, who collected antique coins, had passed his old age) in the year 1390 when, to commemorate Francesco Novello's recapture of Padua, the first renaissance medal was struck based inevitably on a Roman coin.

Thereafter the medal is not only as the exhibition states, the mirror of history, it is also a mirror of the history of style: mannerist elegance or baroque boldness, art deco archness or the uncertainties of modern abstractionism. And every medal is made up of an obverse which bears the portrait image and a reverse which conveys a message in a wide ranging variety of symbols, both of equal importance.

Royal Humane Society medal by William Wyon

I very much doubt if one could find truer portraits than those by the sculptors of the early German renaissance. Untouched by the idealising tendencies of their Italian contemporaries, they duly record the visages of the rulers and officials of Dürer's world warts and all. Overweight, coarse and mostly downright ugly, they stare out at us quite unashamedly. Equally uncompromising although more subtle and refined, are the likenesses by Germain Pilon who applied the sinuous elegance of the School of Fontainebleau to render the lumpen face of Catherine de' Medici with its inscrutable and relentless eyes or, at his very greatest, René de Birague, a wily, careworn, official to the beleaguered unhappy Valois dynasty. And it is only when style overcomes the individual that we are given too much the lie. Neoclassicism enables Wyon, whose medals are beautiful, to idealise George IV in flaccid middle age as a chubby curly haired Apollo.

The reverses often present superb instances of bas relief sculpture in miniature regardless of what to us may now seem obscure visual language. To cite Wyon again (and doesn't his work make one realise how tragically underestimated British neoclassical sculpture is) the reverse of his Cheselden medal, depicting a nude male body laid ready for dissection, rivals the best of Thorwaldsen as a supreme instance of neo-classical form. Art Deco medals offer similarly pure expressions of a new and short-lived style whose purity of imagery was cheerfully able to assimilate radios, cars, telephones and aeroplanes. Beyond this the reverses celebrate long-vanished aims and aspirations. They could express in abstruse allegorical form the ideals of an individual, such as the shambling elephant who proclaims the chastity of Isotta degli Atti

There is a lot missing from this exhibition which could have given it more dramatic impact and popular appeal. The portrait of Roettier, the medallist, alone represents what could have been a series of pictures not only of the medallists but of medals held or worn or amidst the still life of a *vanitas*. And the social setting is totally ignored: the collector's cabinet, for example, in which these were studied. There are also no books of emblems and devices, that quarry upon which these images depend. The reverses take us into the heart of the renaissance and baroque pysche in which the emblematic tableau, whether in the form of a painting, a pageant, a masque or a medal, was a means of communication mid-way between the written and aural. For over two hundred years this had a tremendous vitality strengthened by the hermetic tradition which was only to be vanquished by the advent of Reason. This exhibition is not as its subtitle proclaims the medal as a Mirror of History. It is the medal as portraiture and as sculpture. And it is in this abundance and richness that we can most happily bask.

Christ Church, Spitalfields

Spitalfields lives! by NICHOLAS KENYON

Christ Church, Spitalfields, is 250 years old. Not a remarkable anniversary, one might think; but as Gillian Darley reported in her Architecture column here during March, Hawksmoor's church is "one of the absolute masterpieces of British architecture." It is one of the select group built as a result of the ambitious Tory, High Church-inspired Fifty New Churches Act of 1711. Money, and sublime confidence in the power of churches to inspire devotion to both God and the state, quickly ran out; but not before Hawksmoor, Thomas Archer and John James had produced a worthy baroque equivalent in the then suburbs of Wren's renaissance group of City churches.

Hawksmoor's church in its anniversary year is a symbol as well as a great piece of architecture. Until recently, it was decaying in a decaying part of the East End. Unused, it might well have been demolished (though its crypt was a valuable refuge for alcoholics)—as might much of the surrounding area, in the search for more profitable use of land so close to the famous market.

But enthusiasts have taken up its cause: we have reported on this page the establishment of the Friends of the church, and on early concerts held in primitive conditions in the bare nave of the building. Now, a full-scale restoration is about to begin; £180,000 is in the bank and work has already begun. On Friday, when the 250th anniversary Festival began, those of us who remembered the church from the first meetings there could marvel at the orderly rows of seats, the warmth, the newly-revealed East window and South door, and the superbly sensitive lighting of Hawksmoor's interior.

Acoustically, the building is a mixed blessing. At lunchtime on Friday, a small audience in the large space made life difficult for the cellist Melissa Phelps and her excellent accompanist John York — the rhapsodic musical language of Frank Bridge's fine Cello Sonata was confused, though from a seat nearer the front, the more ascetic textures of Britten's Cello Sonata came through splendidly in Miss Phelps' responsive reading.

In the evening, a larger audience gathered for the formal opening concert of this Festival of English Music. They were disappointed by the absence of John Shirley-Quirk, but could scarcely have had a moment's complaint about the substitutes: Sarah Walker, in glorious voice, for the Schumann Op. 39 *Liederkreis,* and Stephen Varcoe, who had prepared Shirley-Quirk's own sequence of Housman settings, *A Shropshire Lad:* not just Butterworth, but unfamiliar Somerville Moeran too. Here the church came into its own as the evening light faded through the nave windows, Varcoe's quite youthful, rounded baritone, counterpointed with Peter Orr's unusually melodious, well-paced recitations, combined to create a precise sense of atmosphere — and in how many of London's other concert halls could one find that?

Bush

Last Resort by MICHAEL COVENEY

One of the strange things about our fringe or alternative theatre is that it is rapidly draining the term "improvisation" of its real meaning and foistering upon it the veneer of a science. A play "devised and directed" by Mike Leigh or, in this case, by Sarah Pia Anderson, is not an improvisation at all but a play written in rehearsal. The inevitable flabbiness of this approach to theatre can be seductively offset by the evocation of a strong initial situation and the determination of an actor, through character portrayal, to exploit it.

I do not think that the genre is particularly healthy or liable to result in great work, but I am prepared to concede its transient freshness. Miss Anderson and her designer, Geoff Rose, have conjured a deodorised health farm somewhere in Berkshire, where muzak seeps through the azure curtains of the breakfast room and hovers around the artificial flower arrangements.

There are five inmates: a gloriously fat lady teacher of mentally retarded children; a beanpole record salesman with a lantern jaw; a housewife in early middle age who speaks in sad Morningside vowels of her dislocation from her husband's career and social life; a slow-witted junior executive whose jaded sex life receives a shot in the groin from the housewife; and, in the shape of the show's most dominating performer, Clive Merrison, a slimily articulate film buff with a Radio Times deadline on the Howard Hawks retrospective and a head of greased hair ostentatiously parted immediately above the left ear.

Mr. Merrison has all the best lines and all the real problems. He thanks the fat lady (Annette Badland) for coming towards him at the end, by which time we have learnt that he once had a friend who died and that he no longer needs to watch films, he just "spools them through" (with a wave of his arm). He is also lonely, gay and a monstrous bore. Mr. Merrison, jollying himself along with a formidable repertoire of grunts, "all rights?" and shifty grins, creates a character so diabolically plausible he could not possibly be modelled on anyone real. Which is not necessarily a criticism, just a comment on what happens when a strong actor takes over the reins of an "improvised" project. The Merrison film buff belongs nowhere except in shows by Mike Leigh or, in this case, Miss Anderson.

Festival Hall

Krystian Zimerman

by DAVID MURRAY

Drawing an excellent house to the Festival Hall for a recital of which half was piano music by Szymanowski and Grazyna Bacewicz was only one of young Zimerman's feats on Sunday afternoon. Clearly his reputation grows apace, and with reason. In his 23rd year, his polished attack, flexible rhythmic strength and lyrical perceptiveness are altogether remarkable.

He began with the Four Ballades op. 10 of Brahms: not so fraught and darkling as in Gilels' recent account of them here, but poised and poignantly arched. They served to introduce a breathtaking performance of Brahms's op. 1, the C major Sonata. Among its multiple difficulties—they, and not any immaturity, explain why we hear it so infrequently—is the extent to which the pianist's hands are kept violently occupied at the extreme ends of the keyboard. With all that, Zimerman was sensationally accurate; more formidable still was the bold, unflagging sweep with which he carried through the final Allegro con fuoco—and it follows a collossally energetic Scherzo which was itself a *tour de force.* Nor was anything wanting in the shyly tender passages earlier, nor in the precociously heaven-storming Allegro: in short this was a triumph.

The Polish half of the programme was plainly a labour of love, not merely a patriotic salute. The Second Sonata of Miss Bacewicz (1909-69) is a characteristic work, well-made as befits a Nadia Boulanger pupil, drawing judiciously on up-to-date devices, brilliantly laid out for the piano. It is full of motorised ostinati, and respectful echoes: Skryabin's Tenth Sonata in the second subject of the Allegro maestoso, Prokofiev's Seventh and Bartok in the Largo tranquillo. Zimerman glittered through it with great dash, apparently able to draw upon his full range of colour even at near-supersonic speeds. But four late Szymanowski mazurkas tapped a private vein (it was only here that Zimerman's tone became riskily intimate for the hall): by turns elusive and suddenly direct, speculative and curt, soulful and ironic, they sounded immediately genuine. One remembered Malcuzynski's way with Chopin mazurkas; in Zimerman's hands, the same spirit animated Szymanowski.

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Development and trade

NEWLY industrialising countries are seen by many in Europe as a major threat to their own economies and employment prospects. Last week the OECD produced a valuable report aimed at dispelling some of the myths about their impact on world trade. The most striking fact about the ten countries that the OECD labels as Newly Industrialising Countries (NICs) is that they have been large net importers from the developed world. Only the United States and Canada have net trade deficits with the NICs. *And as the NICs exports* have grown, their imports have grown, in volume terms, even more rapidly. Up until the present there is no question but that the industrialised countries have benefited from trade with the NICs, even if some of the workers and businesses who have got stuck in the least productive sectors of the industrialised economies have lost out.

Dislocation

The painful economic dislocation that the world has suffered over the past five years owes much to disparities in competitive positions among the OECD countries themselves and very little to the developing countries. Yet persistently British industries, from footwear to electronics, complain about low-cost competition from developing countries.

The developed countries benefit from trade with the NICs in two inter-connected ways. There are the direct consumer gains from buying products cheaply *from low-cost suppliers* and the benefits from international specialisation, which enable people in the developed countries to increase their consumption and their leisure by finding more productive things to do than making transistor radios or plastic shoes. Provided currencies move so that imports from developing countries are *balanced by exports to them*, trade produces unequivocal economic gains. The cheaper the foreign labour and the greater the export subsidies that the NICs' governments pay, the more consumers gain from buying goods at bargain prices.

But the OECD report emphasises that there are other, more subtle gains from trade between advanced and developing countries. Contrary to widely-held beliefs among trade union leaders, trade with the NICs tends to produce more jobs than *it displaces. A balance between* labour-intensive imports from NICs and capital-intensive exports to NICs would reduce employment in an industrialised country like Britain. But NICs have a natural tendency to be in trade deficit, because of the huge pent-up demand for both private and public consumption and for investment that goes with their relative poverty.

Readjustment

But what is often overlooked *is that the more the NICs export* to the developed world and the faster their whole economies grow, the larger, in absolute terms, are the trade deficits they can maintain without endangering their economic stability. The NIC's trade deficits, when carefully controlled, are a healthy phenomenon, since they are the natural counterparts to the capital inflows which continuing development requires. During the depths of the world recession, between 1974 and 1976, the NIC's current account *deficits* and the accompanying capital flows, produced important macroeconomic benefits for the world economy as a whole, because financing the NIC's capital goods imports was one of the few non-inflationary courses open for industrialised countries to stimulate their own economies.

Unfortunately the real world is not quite as rosy as the theoretical picture may suggest. At the obvious level, there are the huge problems of readjustment in a period of stagnation that millions of workers in the industrialised countries face. There is the growing tendency for the NICs to take advantage of cheap credit to establish capital-intensive industries in which their chief advantage of low labour costs is often submerged. Most importantly, it may in practice be difficult for the NICs to maintain the controlled trade deficit that the *OECD* and economic theory would advocate.

Competition

Protectionist pressures in countries that have benefited little from trade with the NICs may be understandable, though not laudable. This applies most importantly to the U.S., which *had a deficit of $2.3bn with the* NICs in 1977. Even there it is undeniable that competition from the NICs is encouraging structural changes in the economy that in the long run will benefit American consumers and producers alike. In countries like Britain, whose trade surplus with the NICs has increased steadily over the past *20 years, protectionism against* developing countries makes neither moral nor economic sense.

Old rivalries in Uganda

THERE ARE disturbing signs of instability in Uganda, a mere two months after the overthrow of Idi Amin. Two people were killed and 50 were injured last week during a protest demonstration in Kampala. Yesterday *the Minister of Defence was* assaulted, while in a separate incident a crowd attacked a police station.

The immediate cause of these anti-Government disturbances is the removal as interim President of Professor Yusufu Lule by the National Consultative Council, which forms the core of a new parliament. The struggle between the two has its origins in a meeting held at Moshi, in Tanzania, earlier this year when Ugandan exiles mapped out their ideas for the post-Amin era. Professor Lule *interpreted* the Moshi accord to mean that he held supreme executive power, while the NCC insisted that this resided with it.

Socialist

Behind this dispute lies a complex mixture of tribal, ideological and personal disagreements and rivalries. *While President Lule* was essentially Western-leaning and pro-capitalist, several influential members of the NCC are socialist in orientation. There are also strong rivalries between the Baganda tribespeople from the south and the Lango and Acholi from the north.

Both these issues coalesce in the person of Dr. Milton Obote, the former President of Uganda who was overthrown by Amin. Dr. Obote, still in exile in Dar es Salaam, is a Langi by *birth* and a *socialist by inclination*. He is also intensely disliked by the Baganda, who have not forgotten his successful campaign in the 1960s to curb their aspirations for autonomy. This campaign included the sacking of the palace of the King of Buganda, who went into exile.

Professor Lule is a Muganda and the demonstrations in Kampala over his downfall can be seen largely as a sign of Baganda fears that Dr. Obote might return home and secure a place in Government. At present, the view of the NCC seems to be that Dr. Obote should be *allowed* to come home as a private citizen, but that he should not have a place in the administration during the two-year interim period before the formation of an elected Government.

It is to be hoped that this view will prevail. Dr. Obote has as much right to return home as any exile but the violence of the past week shows that he is a man who continues to excite strong passions. Any attempt by him to return to active politics when the mood of Uganda is so volatile could spell serious trouble.

The tragedy of Uganda is that the very same tribal forces which played a major role in the overthrow of Dr. Obote (and *Amin's advent to power*) seem *to be reasserting themselves*, so soon after the country put behind it eight years of tyranny. It will require immense skill on the part of the new President, Mr. Godfrey Binaisa, to control these fissiparous elements. It will also need statesmanship from President Nyerere of Tanzania, whose troops remain a *vital pillar of the new Government.*

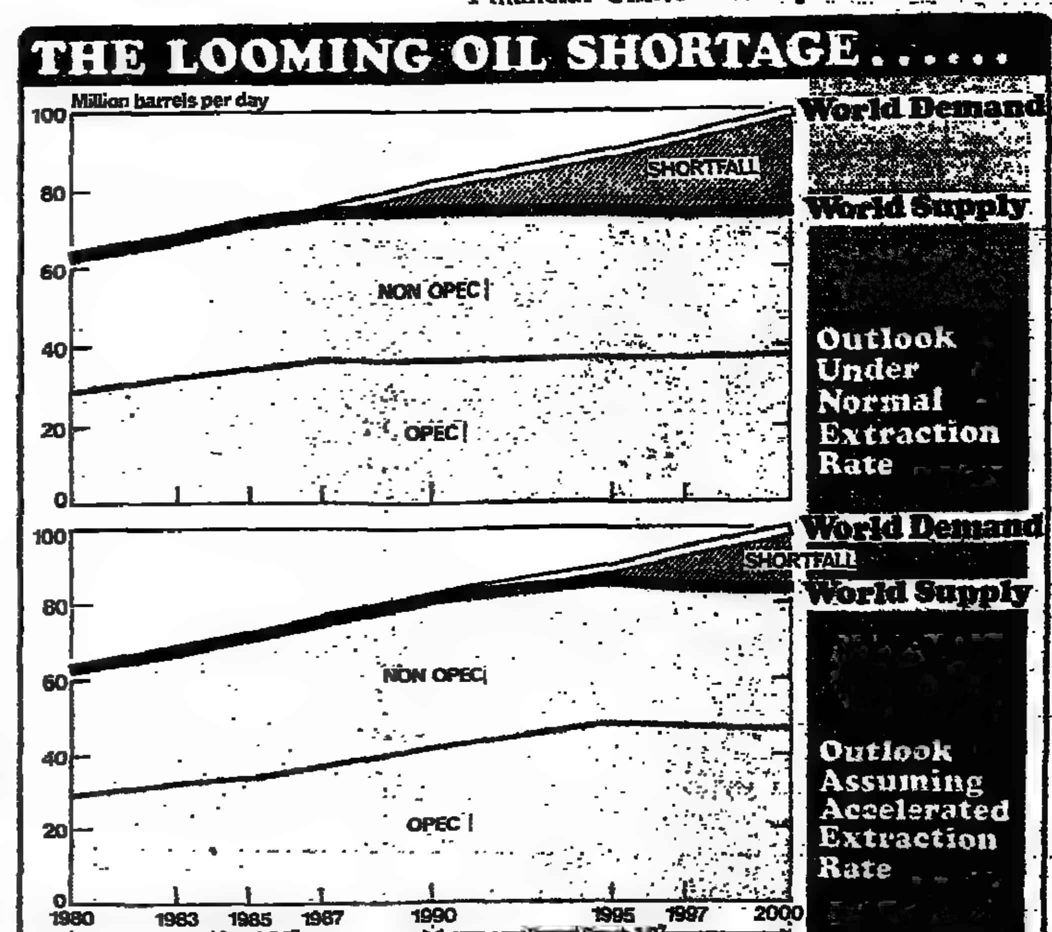
Foreign aid

With its economy ruined by the mismanagement of the Amin years, the last thing Uganda needs now is political infighting, distracting attention from the prime task of national reconstruction. In the agricultural sector, the fields and processing plants for the country's main export crops have been seriously neglected, reducing the amount of foreign exchange *available with which to buy* badly needed equipment and spare parts. Virtually all major industries are run down and the transport system needs overhauling completely.

Uganda is hoping for a major injection of international aid to help its recovery programme. But the Government must realise that it is more difficult for international agencies and bilateral donors to disburse funds when there is political instability, no clear chain of authority or no clear sense of economic *direction.*

The Saudis, OPEC and Geneva: a Kingdom in check

BY RICHARD JOHNS, MIDDLE EAST EDITOR



JUST OVER a year ago the Trilateral Commission published a report saying that world energy supplies would be adequate to meet consumers' demand "for the next several years and possibly into the early 1990s."

The conclusion of this exclusive club of some 200 leading businessmen from North America, West Europe and Japan raised a few eyebrows and provoked some wry comments a few days later, when the Organisation of Petroleum Exporting Countries (OPEC) met at Geneva.

Even delegates from the most "hawkish" member states were reconciled then to the fact that *surplus crude on the market* at the time made impossible any sizeable price increase in the absence of a concerted effort to curtail output — which Saudi Arabia refused to countenance.

Today OPEC meets again in Geneva with the whip in hand once more as the consumers—squirming under the squeeze of prices that have risen by more than one-third in less than six months—count the cost in terms of inflation, unemployment and lost growth resulting from the revolution in Iran. In effect, the upheaval that overthrew the Shah and led to a three-month stoppage in shipments from the world's second largest exporter have dramatically telescoped the anticipated period — moving from a surplus of oil to a critical shortage—from six years to one. As Mr. C. C. Pocock, managing director of Shell Transport and Trading put it early last week: "So 1985 has arrived early and we are watching the re-run of an old movie."

Questioned a year ago about the Trilateral Commission's report Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, said: "There are strong indications that there will be a shortage in the supply of oil sometime around the mid-1980s if not before. *This, of course,* depends on conservation measures taken by the consumers, on the level of Saudi production, and on the growth rate for the various OECD members. No matter what we do, that date is coming, I guess."

Just how far Sheikh Yamani regards the longer-term supply-demand equilibrium can be seen from the accompanying graphs based on figures presented by him when he spoke in London this month. They show supply failing to meet a demand growth rate of 2.5 per cent a year by 1985, if OPEC produces what it considers a reasonable amount of oil. If it depletes irreplaceable reserves faster than it wants, then the shortfall would occur in 1990.

For its part, the Trilateral Commission, even if its long-term scenario was wrong, recognised that the "critical variable" would be the willingness of Saudi Arabia to expand production in future. It also advocated—as Sheikh Yamani had begun to—that there should be progressive price increments, in advance of the point of serious shortage, for the consumers to cushion themselves from its shock.

Because of Iran, the chance of a period of adjustment has gone. As in the winter of 1973-74, so in the first half of 1979, the extent of the shortage may be exaggerated by extraordinary circumstances. Last Thursday Sheikh Yamani suggested that restraint by consumers and "a little help" from Saudi Arabia could lead to a surplus again in *1980. But prices already established* on a much higher plateau this year by OPEC will not be reduced and are unlikely even to be modified at all by anything that the European Community or the western economic summit in Tokyo might decide about curbs on consumption or the control of the spot market.

Production limitation

In practice, the Western consumers did miss two reasonably clear, related signals about the coming crisis from the producers' camp. One was Saudi Arabia's growing unwillingness, for a complex of various reasons, to meet increasing demand for oil. Over the past two years the Kingdom's moderation has been qualified explicity, though politely and *somewhat* ambiguously — not the least in its request to the U.S. for the achievement of a Middle East settlement satisfactory to all the Arab parties concerned. The second has been the gradual move by OPEC members, including Saudi Arabia, towards an overall limitation of production (while their own consumption has steadily increased and will go on doing so).

Total OPEC production has remained more or less static since 1973 when it ran at 30.7m barrels a day. It fell in the following two years, and only in 1977, when it ran at 31.1m b/d, did it surpass the previous peak. Last year it was down to 29.8m b/d. The initial stagnation reflected the impact of the 1973-74 price escalation. Subsequently new supplies of oil from the North Sea, Alaska and Mexico came on the market. *Over the five-year period from* 1974 to 1978 the basic price of oil rose by only 16 per cent while the cost of goods imported by producers rose by at least 50 per cent, by Western estimates, but by far more according to OPEC calculations.

The erosion in purchasing power was such that Iraq at various times sold oil at a discount and the North African producers were prepared to cut the differentials on their premium crude. Despite the squeeze on purchasing power, however, since 1974 the drift in OPEC, collectively and individually was towards conservation.

Since the last decade *Venezuela has followed strict* conservation policies and subsequently its difficulty has been to maintain a reasonable level of output within the maximum that it set a few years ago of 2.3m b/d. Kuwait first imposed a ceiling in 1972, subsequently reducing it in 1974 and 1975 to the present level of 2m b/d.

Though at one point last year Libya was producing less than it would have liked, it has exercised tight control over depletion rates since the 1969 revolution. Algeria is physically limited to 50,000 b/d. Since 1977 Abu Dhabi and Qatar have set a maximum allowable output. Now post-revolutionary Iran, in trimming output in line with reduced public expenditure, has *cut the volume* available *from* 5m b/d to just over 3m b/d.

Increasingly, the concept of optimum recovery of oil—the *application of which can be* debated endlessly by economists and petroleum engineers—has become an obsession amongst members, not least Saudi Arabia. Last year at Geneva some kind of understanding was reached on collective restraint. Its existence was publicly acknowledged in November by Mr. Tayeh Abdel-Karim, the *Iraqi Minister of* Oil, even if his Government's tendency to maximise output suggests the country was allowed to pump as much as it wanted.

Formally Saudi Arabia would have had no part in the agreement. Refusing to allow other members to interfere with its right to decide how much it should produce, the Kingdom has always and still is opposed to a production programme of the kind that Venezuela campaigned for in the 1960s and *that frustrated price militants* have demanded over the past three years. Implicitly and effectively, however, it could be said to have joined an unspoken alliance by setting its own official ceiling of 8.5m b/d annually on its main producing fields from the beginning of 1978.

It did so at the time as a practical gesture to other members in order to help improve the then slack market. To make good the cut in Iranian supplies it allowed liftings to rise to *9.5m b/d* on a *monthly basis* during the first quarter but then reduced it to the old maximum as Iranian exports recovered. Even if Saudi Arabia does, as a temporary measure, let output rise again from July 1 in return for a moderate increase in a unified basic price, *the fact remains that within* OPEC there is a *de facto* restraint on production.

No assumptions about output can be made like those of the *Economic Models group which* this month forecast OECD consumption rising from the current 30.5m b/d to 42.3m b/d by 1990 *on the basis of a* comparable expansion in OPEC output to 45m b/d. Among members of OPEC and *according to their own criteria of conservation*—quite apart from the need for revenue—only Saudi *Arabia and Iraq (whose potential* is largely unexplored) look as if they have the capacity in hand or in prospect to meet increasing demand in any meaningful way. The big question mark is over Saudi Arabia.

Quarter of reserves

The Kingdom has unequivocally conveyed its own doubts not only about *its will* but also its ability to raise production, especially in the medium-term future. It has about a quarter of the world's proven reserves and could maintain a rate of 8.5m b/d until about 2030 on the basis of published estimates that may be regarded as conservative. Yet expanding and maintaining output above that level is a different matter.

Even two years ago the U.S. Central Intelligence Agency in its energy report blithely assumed Saudi Arabia could raise it to 19-23m b/d by 1985 from existing fields and those under development. The whole issue is fogged in confusion, deliberate or otherwise.

But the indications given by the Saudis are that on technical grounds they could not now sustain an output of more than 9.5-10.5m b/d, and will not be *able to* achieve the present notional capacity of 12m b/d over prolonged periods of time for several years yet.

The pessimistic talk may, to an extent, camouflage reluctance for political reasons. However, one of the studies submitted last year to the U.S. Senate Com*mittee on Foreign Affairs* by the Arabian American Oil Company gloomily predicted that a rate of 12m b/d could not be maintained for more than 15-20 years without irreversibly declining.

Within the Saudi ruling hierarchy there is known to have been debate over the past five years about how far the *Kingdom should produce above* the level sufficient for its revenue needs and it would have been intensified by the growing OPEC concern about depletion. Equally ill-defined but as important is the country's political predicament. At the best of times it was difficult for Saudi Arabia to stand out alone for moderation against *the majority in OPEC, which* includes six other Arab members.

Out of concern for the economic health of the West and in knowledge of its inter-dependence with it, the Saudi regime has a continuing concern that sufficient oil should be available to it at reasonable prices. In *return* Saudi Arabia has looked for technology for its development, assistance with the build up of its military strength and in the last resort, guarantees for its security and survival.

In addition, policy has been influenced by the desire to enlist U.S. help with bringing about a Middle East settlement, which would include fulfilment of Palestinian aspirations. As the one Arab power with potential leverage on Washington, Arab pressure on the Kingdom to "deliver" such a peace agree*ment has grown*. The U.S.-inspired Egyptian-Israeli Peace Treaty, by betraying the hopes of the Arab world, placed Saudi Arabia in a cruel dilemma, not the least because of Saudi Arabia's preoccupation with keeping a conservative regime in power in Cairo. In the event it joined the other Arab states in the economic and political boycott *of Egypt. The corollary* of this action must be to draw closer to other producers in OPEC.

There can be no doubt now that Saudi Arabia's will to expose itself to the hostility of other producers, and the Arab world generally, by being *amenable to the U.S. and the* West on the oil front has been badly impaired. The Kingdom may find it politically impossible now to let production exceed the official ceiling of 8.5m b/d in the next quarter as a means of stabilising prices and obtaining agreement on a moderate, unified basic OPEC reference of $17.50 a barrel *for its own* Arabian Light "marker" which it is understood to be aiming at. This month Crown Prince Fahd indicated *that* the Kingdom would not increase output even by a modest 500,000 b/d for the time being. In doing so he seemed in advance to have deprived Sheikh Yamani of his strongest card at today's OPEC conference.

Saudi Arabia is keeping its options open on the question of its own output, although its room for manoeuvre is very small. That "little help" to which *Sheikh Yamani referred might* now involve the kind of U.S. pressure on Israel to withdraw from occupied Arab territory of a sort that President Carter could not contemplate. If this is so, then the Western consumers cannot expect the Kingdom to ease their difficulties by increasing the flow of oil now or next year.

Saudi lack of choice

The odds are now that Saudi Arabia will hold its own price increase for the next quarter or the rest of the year at a level lower than other producers. In the meantime the argument that the world has no choice but to accustom itself to a realistic price of oil—on a scale to stimulate the development of alternative sources of energy—and curb consumption to limit further escalation is not only a convenient way to cover the genuine perplexity of the world's *leading exporter. It also makes* sense from the point of view of the next generation of consumers, if not this one.

MEN AND MATTERS

Taxing patriotism at 15 per cent

As the full implications of the Budget begin to sink in, it is becoming clear that 15 per cent VAT will precisely reverse the Government's stated intention of keeping major works of art in this country. "At 8 per cent there are many patriots in the fine art fraternity," one major dealer told me yesterday. "At 15 per cent, patriotism wears *a bit thin.*"

Unlike children's shoes, music and pornography, art attracts VAT: like second-hand car dealers, art dealers pay VAT on their profits. They pay none at all, however, on works that are exported. The more valuable the work for sale, the larger the profits, and the greater the strain on the patriotism of Bond Street.

The new arrangements are a strong incentive to sell works abroad rather than to the private collectors in Britain who, after all, are the future benefactors of the nation's museums. (Between 80 and 90 per cent of the paintings in the National Gallery came from private bequests.) Even when the *museums themselves* are buying works, many are not registered for VAT, and cannot therefore reclaim it. In this category are university museums, for instance, and a large number of local authority museums.

This very real new threat to the national heritage has taken *some people* in the art world by surprise. Brinsley Ford, chairman of the National Art-Collections Fund, tells me: "It wasn't an issue which had occurred to us—all the pre-election handouts suggested that the arts were going to be more protected and there were to be no candle-end cuts." He is not best pleased at the £2.5m reductions in spending on the arts—resulting, for instance, in the Wallace Collection having to shave £8,000 off its annual spending. "If that isn't candle-end cutting I don't *know* what is."

"Len Murray has just chained himself to the railings"

Trying trikes

As a mode of transport, tricycles are normally associated with elderly spinsters and retired clergymen. But the stimulus given to various forms of pedalling by dearer oil is even bringing three-wheelers back into the running for quite *ordinary* people. Dick Pashley, managing director of a Stratford-on-Avon firm making trikes, told me yesterday: "Sales are rising in a very healthy way."

Pashley admits that he is not expecting to sell more than 3,000 this year for use on the roads: "But younger people are starting to ride them again"—as they did in Victorian times. Pashley is also selling a heavier version to factories, for carrying around small components without using fuel.

One advantage of a tricycle is that motorists find it harder to knock the rider off into the gutter. There is, I learn, a thriving Tricycle Association, whose members travel in convoy over the hills and dales. One word of warning, however: if you are used to a bicycle, you are sure to fall off a trike when you first go around corners, through attempting to balance.

Home sickness

The last confirmed Japanese Imperial Army straggler, Lieutenant Hiroo Onoda, was *found in the Philippine jungle* in 1974, still unaware that the war was over. But sightings of other old soldiers—now usually very old soldiers—are reported quite regularly. Humanitarian expeditions to find them and convince them it is safe to come out usually follow.

The most persistent search has been for a farmer in a *southern Philippine village*. He is known locally as Mondoka. The Japanese embassy in Manila first heard of *him* in 1975, and abortive "Mondoka hunts" have become an annual event.

A team led by a Filipino policeman now claims finally to have cornered the man, described as "chinky-eyed and white-skinned." Whoever he is, he has rather ungratefully asked not to be disturbed—"because people here are mad and afraid of Japanese people."

The Japanese embassy in Manila is being non-committal. Even if "Mondoka"—married with seven children—is indeed a straggler, says an official, his wishes may as well be respected. His comrade-in-arms, Lieutenant Onoda, found life in latter-day Japan so bewildering that he has emigrated to Brazil.

Roots route

It falls to few bestsellers to inspire an aid project. But the EEC is putting £2.7m into a road-building project which owes a great deal to Alex Haley's saga Roots. The road is in the Gambia, the West African country to which Haley traced his ancestor, who was carried off to America as a slave.

The book, and the resulting TV spectacular, evoked a good degree of scepticism. For all that, 4,000 pilgrims a year go to the village of Juffure, which Haley raised to fame. According to the journal World Aid Digest, these include "guilt-*ridden Swedes,*" as well as black Americans.

The new road also has an agricultural *raison d'etre*. But as the financing proposal of the European Development Fund explains, the Gambia receives 28,000 tourists a year and they can now only visit the Roots village by river boat.

Turbulent priest

The Organisation of American States' stand against the *beleaguered Somoza regime in* Nicaragua represents a triumph for the unlikely figure of Miguel d'Escoto. A tubby, bespectacled Catholic priest in his early 40s, d'Escoto has for some months been acting as *foreign minister* to Europe and the U.S. for the anti-Somoza forces.

Despite predictable U.S. objections, d'Escoto was recruited as an honorary member of the Panamanian delegation to the OAS, and took advantage of this platform to help defeat U.S. moves to send a military force into Nicaragua. After a *scathing speech* about U.S. foreign policy, he remarked witheringly: "We can formally undertake now that we will never invade the United States."

Rather indigestible

The centenary of the death of Rowland Hill, instigator of the penny post, is upon us. It makes even more mournful a notice just put out by Reader's Digest. This says *that* recent postal delays have in many cases disrupted the normal sequence in which "products and bills arrive." Sometimes, confesses the notice, reminder bills arrive before the product (for example, the Reader's Digest) drops on the doormat. "If you should happen to be among them, please disregard this reminder. If the product has not yet arrived rest assured that it is on its way. . . ."

Observer

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FINANCIAL TIMES SURVEY
Tuesday June 26 1979

Overseas Construction

Despite recent setbacks in international construction activity, particularly in Iran and Nigeria, large volumes of work still exist in other parts of the world. But individual contractors will have to work harder than ever to win a share of the business and to make it profitable.

ıtense ıttle win ɔntracts

ʍichael Cassell

LY HAVE world events ıed so rapidly and tically to underline the of international contract- ɔrk.

ıin the space of a few months, two of the con- on world's largest and ially most promising :s have been transformed now uncertainty and ı again predominate for a while at least, con- appeared to be the

dramatic events in Iran e emergence of what, for mpanies, at least, could ı traumatic business con- in Nigeria, have come at when the international ıction sector is already ng nervous over its :ts—with some of the rowth markets showing ɔf stabilisation or slow- and few new markets ing capable of filling the

ɔetition for civil engi- ; work in the world's ıarkets (still principally, not exclusively, centred d the Middle East) has reached a climax and yet, with the need continuing for overseas work to form a major part of many groups' order books, *few contractors have been able to withdraw from a race which may provide work but which does not necessarily guarantee profits.*

The signs have been in the wind for some time. The largest civil engineers have been talking of "more difficult conditions" and lower profit contributions in markets which have largely sustained them for the best part of a decade.

They have spoken of "exploring new opportunities" in other parts of the world — though the exact whereabouts and extent of their interest often remains in doubt (possibly because, as yet, it is still a matter of searching for rather than actually securing new business).

Apart from attempting to widen their geographic spread, some of the largest contractors have also been talking of ventures representing an extension to their existing range of capabilities. In short, there has been a fairly widespread and growing realisation that what at times may have appeared to be a self-perpetuating overseas boom in construction is receding and positive steps are now needed to try and redress the balance.

Few contractors would ever admit that winning construction contracts overseas — or for that matter carrying them out — has been exactly easy, but there is no doubting that today the marketplace is more crowded, more competitive and cut-throat than for a long while.

As if that was not enough, they have had to face the fact that Iran, a country which once promised large amounts of work and was already in the process *of handing it out, has at least* temporarily withdrawn from the scene. At the same time, *Nigeria — notoriously difficult* for the overseas contractor — promises to make life even harder for British companies.

Pitfalls

So, suddenly the contractor has the most potentially disastrous and least predictable of all calculations thrust down his throat — political instability. In his quest for work, it is this factor as much as any other which concerns him and while the list of potential pitfalls is daunting enough — from currency, contractual law, materials and labour supply to specifications and payments — the prospect of political upheaval is the ever-present nightmare.

With this in mind, the major civil engineer treads as carefully as he can, but with the stakes high and an early presence of vital importance, some risk has to be taken. Few could have guessed — within or without the contracting fraternity — what was to happen in Iran, the third most important Middle East construction market for the UK which offered immense opportunities for new contracts.

Well-known names such as Bovis, Costain, Marples Ridgway, Laing and Wimpey were looking to Iran as a growth market and while their return cannot be precluded, the experience will have been a chastening one.

But the political impact on a contractor does not have to involve anything so obvious as a full-blooded revolution. The most important African market for the UK industry and one of the largest outside the Middle East is Nigeria, where political considerations which could not be more remote from the contractors themselves are now threatening to play havoc with their aspirations.

The Nigerian Government has indicated that it will not consider tenders by some British companies for certain major Government contracts until the UK Government clarifies its policy towards Rhodesia. The move, seen as a clear warning to Britain against recognising the new Rhodesian Government and lifting sanctions on the country, has apparently already had a direct impact on one UK construction consortium, involving Costain, Cementation International and Balfour Beatty, which has been told that it has been dropped from a tendering shortlist for a major port development project which could be worth up to £130m.

The Nigerian construction market, which has in the past provided at least one major UK civil engineer with some well-publicised problems, is therefore in limbo—its fate to be decided by decisions taken in an altogether different sphere.

Even in those countries where political stability has apparently finally arrived after a long absence (opening up the prospects of increased work) major problems still remain. Egypt is a good example of a nation with huge construction potential—a country with a large population and a hopelessly inadequate infrastructure, but one which now has the peace which so long eluded it.

Some contractors—such as Bovis, Higgs and Hill and Tarmac—are already at work in a country where the potential for multi-million projects abound. However, the Egyptian economy having been drained for years by wars and heavy defence spending, limited resources will set a slow pace for development.

American aid is clearly due, but it now emerges that many Western commercial banks are reluctant to provide sources of finance for the country because they fear possible retaliation by Arab oil exporting nations.

So, what is the international construction fraternity to do and how is it going to overcome the inbuilt irony that the type of country offering the volume of work it seeks is, by its very nature, likely to rank among the less well-established, potentially more volatile, states?

The answer is, of course, that it cannot eliminate risk in its home market, let alone those overseas, and that if it is intent on going overseas the best it can hope for is to spread its workload, both geographically and technologically.

China is perhaps one of the brightest new opportunities on the international contracting scene. In common with just about every other sector, the opening up of a country with one-third of the world's population has become a major conversational point, as rapid calculations are made to convert population into contract opportunities.

There is no doubt that there is a "fashionable" element in

CONTINUED ON PAGE III

The new Eastern Ring Road under construction in Bahrain, between Manama and Jufair, at Quadibiya Bay

Middle East setbacks

THE REVOLUTION in Iran has come as a bad blow to the Middle East construction market at a time when the rewards of operating in the region were already becoming a good deal less enticing.

The turmoil seems almost certain to cause an enormous loss of business and, for many contractors, serious financial losses; while the collapse of the Iranian market has intensified the already fierce competition in other countries in the region.

Even without Iran, construction in the Middle East is no longer the explosively growing phenomenon that it was in the immediate wake of the 1973/74 oil price rise. Though the sheer volume of work in the Middle East (excluding the Maghred and the Yemens) has been put at nearly $26bn for 1978, this was marginally less than the previous year.

In several countries construction spending has peaked because of financial stringency and the satiation of needs, though this has been offset by the continuing tremendous strength of the construction markets in Saudia Arabia and Iraq and, to a lesser extent, Kuwait.

For European and American contractors, the growing penetration into the region of companies from the Far East has made competition more intense, while in many cases they have faced problems as a result of erratic cash flow and foreign exchange fluctuations. For some of the less experienced or less fortunate operators, the Middle East may have ceased to be a profitable market.

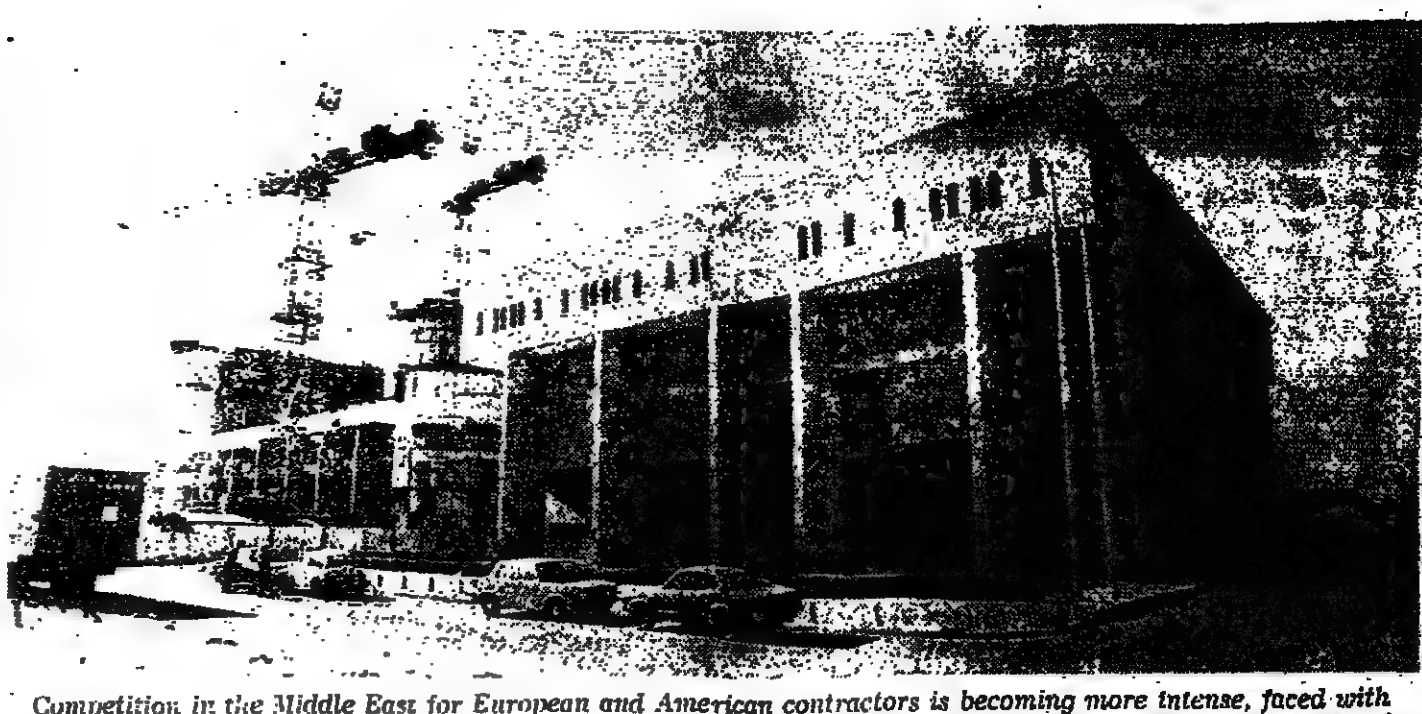
It has been estimated that the likely loss of business for foreign concerns on major civilian projects alone in Iran will be nearly $38bn. Defence contracts and smaller civilian projects would probably double that figure. But construction companies are more concerned with their direct financial losses and liabilities which include such things as unpaid progress payments and outstanding performance guarantees — naturally, they are also worried about whether their projects are likely to be revived or not and whether they should hang on or cut their losses and leave.

Construction companies became aware of the special problems of operating in Iran soon after the oil boom, especially the bureaucratic complexities of discovering who was responsible for what. Contractors often had no compunction about stopping work when progress payments failed to come through and this is exactly what many of them did as the Government began to break down in the autumn of 1978. Those that did not, of course, are now in dispute with the new Government.

Guarantees

But the overriding issue concerns guarantees and bonds. In most cases, constractors—while having their construction equipment bought with advance payments by the client, usually the Government—had to secure that advance payment with demand bank guarantees which in many cases may still be outstanding. They also lodged performance guarantee bonds through their banks.

Many of the problems with demand bank guarantees are, as yet, hypothetical: they include anxieties about capricious calling of bonds—fears of the government threatening to call bonds as a coercive measure to force contractors to waive any claims for damages arising out of the revolutionary turmoil: and problems of indefinite periods of liability if the bond did not have a specific expiry date (and, even if it did, the government could force the extension of the expiry date by simply threatening to call the bond if the expiry date is not extended).



Competition in the Middle East for European and American contractors is becoming more intense, faced with growing penetration into the region from the Far East companies. Above: Extensions underway at the head office of the Kuwait Fund for Arab Economic Development

Contractors and bankers are now anxiously scrutinising the terms of performance bonds to check their liability—and in many cases regretting that they ignored advice that seemed pernickety at the time from cautious legal departments.

"Legal departments have been having a field day," says Mr. James Nelson, vice-president at Bank of America in charge of contractors' financing in Europe, the Middle East and Africa. "But, of course, all these concerns should have been sorted out by more careful drafting before they even started. As we have consistently pointed out to our clients and other banks, a lot of these guarantees are the same as blank cheques and, in many cases, deserved much more careful treatment than they received."

The experience of Iran is naturally making bankers and contractors look more searchingly at the terms and conditions of work in the rest of the Middle East, while keeping a weather eye on political stability.

Two processes are at work in the rest of the region: the very fast expansion of construction activity has largely come to an end and in some countries construction work has declined sharply; where construction work is continuing at a fast pace its nature is shifting away from crude infrastructure work towards more complex process plant construction.

The building boom has ended in the Lower Gulf and Oman: construction work is of course continuing, but with far less activity in the private housing and property sector while public sector spending has generally peaked. In these countries—Bahrain, Qatar, the UAE and Oman—governments have virtually run out of worthwhile projects, found the pressure of immigrant workers intolerable and found that their spending was fast catching up with or even overtaking their income.

But construction work is continuing steadily in Kuwait, coping with the needs of a relatively large population with one of the fastest growth rates in the world. Construction spending there was up by about 5 per cent in 1978, compared with 1977, and it shows little sign of slackening.

Basic

At the other end of the scale, states such as Egypt, Sudan, North Yemen and South Yemen which have not directly experienced an oil boom, are at an earlier stage of construction development with their needs in many cases still very basic and the boom, such as it is, at an earlier stage of the cycle.

Then there are Algeria and Libya where the post-oil price rise boom is giving way to a lower growth rate, more emphasis on sophisticated plant and, in the case of Libya, a 13 per cent drop in construction spending last year.

Finally, there is Saudi Arabia, which last year accounted for nearly half the region's total construction expenditure, and Iraq, whose construction spending rose by 22 per cent last year, so that it is now the second biggest construction market in the region.

Iraq has a relatively big population (about 12m) in a large country and its considerable oil revenues have consistently fallen behind spending through Government inertia and political diversions. Now, a number of large industrial schemes are underway there and the construction market appears to have good long term prospects, always bearing in mind the political disagreements which have recently made operating there very difficult for British companies and, to a lesser extent, West German concerns.

Saudi Arabia is the awe-inspiring doyen of the Middle East construction scene and is likely to remain so for some time. Though last year's construction spending was up by a relatively modest 14 per cent, the bulk of the Government's spending goes in one form or another on construction, and during the financial year which ended in June it overspent its revenue of $44bn by $4bn.

This year, Saudi Arabia is budgeting for expenditure only about 8 per cent above last year's actual spending which, taking inflation into account, should mean spending staying roughly static in real terms.

Saudi Arabia is the most obvious example of the changing nature of construction work. The initial rush of spending was on infrastructure—roads, airports, sewerage systems, housing, and so on—but while some gaps remain, especially in housing, the emphasis is now switching to the next stage—industry, with the colossal complexes at Jubail and Yanbo.

At the same time, defence spending, which is one of the largest Saudi budget items, is still predominantly a matter of infrastructure, with the enormous military cities being effectively just new towns for military use.

The gradual transformation of the Saudi construction market (which has been mirrored on a smaller scale in other states, including Algeria, Libya, Iraq and the UAE) should put greater pressure on the civil construction company which will be finding work harder to obtain, while creating new opportunities for the highly skilled process plant contractor of which there are anyway many fewer in the world.

Since western and Japanese contractors have more experience in these fields than the other Far Eastern construction companies which have been making bigh inroads into the market, this could mean a reassertion of western and Japanese companies' positions. However, Koreans, Taiwanese, Indians and Pakistanis are also moving into this field, while the Saudis having been breaking up big civil contracts into small parts to enable Saudi contractors to bid successfully for them—thus further narrowing the market for western contractors.

All these factors have combined to put the Saudi Government into a very strong negotiating position vis-à-vis civil contractors and it has lately been inclined to stage a kind of Dutch auction among the three or four lowest bidders for a contract so that the winning contractor is forced well below his original offer. With few Western contractors prepared to gamble in this way, contracts awarded on this basis tend to go to Far Eastern contractors who, with their highly disciplined cheap labour force and low headquarters overheads, can usually shave costs yet further to produce a profit.

Many of the physical problems of operating in the Middle East which were a feature of the early days of the oil boom (such as port congestion, high inflation and cement shortages) have long since been sorted out, making the region a more orderly place in which to operate and reducing the element of chance which enabled some companies to make very good profits by being well-organised at the right time — and which inflicted heavy losses on others. The easing of these constraints and the dropping of inflation rates has made the pressure of competition on contractors more even, if still unremitting.

Problems

Yet, operators in Saudi Arabia face two big problems which can turn profit sharply into loss. Last year, the Saudi Riyal, though revalued against the U.S. dollar, became heavily devalued against the Deutsche Mark and the Japanese yen and since contracts are denominated in riyals German and Japanese contractors who were uncovered for the foreign exchange risk suffered heavy losses.

With the foreign exchange markets in the region relatively unsophisticated, many contractors have taken out currency hedging loans which naturally add to the cost of the operation.

The other problem in Saudi Arabia in the past year or so has been delayed payments by Government to contractors. This was the result of the Ministry of Finance trying to restrain the spending of individual ministries, and it was compounded by some ministries having worked out their spending schedules wrongly, while a few eager contractors finished stages of work ahead of schedule and asked for early payment.

In some cases, ministries have called in contractors, owned up to making cash flow mistakes and agreed new payment schedules. In other cases contractors simply haven't been paid and haven't been told why. In either case, contractors have needed sympathetic bankers.

So, the successful operator in these arduous, capricious conditions needs to be self-sufficient, flexible and highly efficient to make a profit. The best fitted to do so are likely to be those companies which came succesfully through the critical 1974-77 period—the success rate for newcomers may be low. From the British point of view, it is depressing to note that most UK contractors concentrated on the Lower Gulf markets in the peak of the boom, with few risking the more difficult Saudi and Iraqi markets, while virtually all British construction companies have traditionally been uninterested in Kuwait. The result now is that Britain is poorly represented in the two strongest construction markets in the region and in the only Gulf state with the prospect of steady construction growth prospects over the next two decades.

James Buxton

STRUCTURE OF CONSTRUCTION MARKETS IN 12 SELECTED MIDDLE EAST ECONOMIES

1977 and 1978 public and private sector expenditure in $m, estimates by Plantecon Overseas (Research).

($ m)	1977								1978	
	Construction Equipment				Other					
Country	New	Used + Service	All	Construction Material	Expenditure (design labour profits etc.)	Total Constr. Expenditure	Constr. Expenditure per Capita	Population in mil.	Total Expenditure	% Change over 1977
Bahrain	44	14	58	120	142	320	1103	0.3	259	[illegible]
Egypt	148	42	190	690	833	1713	44	38.0	1182	[illegible]
Iran	490	185	675	2440	2190	5305	154	34.0	3873	[illegible]
Iraq	305	61	366	1150	1234	2750	225	12.2	3355	[illegible]
Jordan	27	8	35	135	150	320	114	2.8	422	[illegible]
Kuwait	86	21	107	425	488	1020	1020	1.0	1071	[illegible]
Libya	189	64	253	720	460	1433	562	2.5	1247	(13)
Oman	66	13	79	214	190	483	322	1.5	382	(21)
Qatar	53	10	63	210	188	461	2095	0.2	309	(33)
Saudi Arabia	841	357	1198	4290	4902	10390	1300	8.0	11845	14
Syria	54	18	72	243	315	630	79	8.0	523	[illegible]
UAE	225	65	290	780	890	1960	2279	0.9	1235	[illegible]
TOTAL	2528	858	3386	11417	11982	26785	247	109.4	25703	[illegible]

Plantecon define "construction expenditure" as containing "bricks and mortar" only, ie abstracting mechanical, (petro) chemical, electrical, etc., installations. Thus the monetary assessment describes (simplified), the construction industry's total turnover in its widest sense.

Developments in Iran at a standstill

GRANDIOSE plans to ...self into the ranks of ...ld's top ten nations lies ...s following the revolu...ch forced the departure ...Shah, the architect of ...ambitious development ...me.

...civil unrest, which pre...he revolution and the ...departure, had already ...the country's develop...rogramme to a virtual ...ll. Now that the Shah ...ne there appears little ... of many of the ...s of unfinished projects ... the countryside ever ...ompleted.

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...er developing markets, ...the Far East and Hong ...d Singapore, in parti...ompetition for orders ...he construction majors ...e. The standstill on ...ent work in Iran only ...increase the pressure ...hly competitive world

The new Islamic Republic — with the Ayatollah Khomeini returned, after years of exile, as its religious head — is now sifting through the remains of *the country's development programme* to decide what to salvage.

The new regime's emphasis on Islamic puritanism embodying a return to old values and a simpler way of life is in marked contrast to the Shah's ambitious plans to take his country into the 20th century, and provides little optimism for the British and other overseas companies which have millions of pounds tied up in unfinished contracts and "rusting" assets in Iran.

On conservative estimates, the loss of business for foreign concerns involved on purely major civilian projects in Iran could be approaching £38bn. This figure could double if military projects—where the British and U.S. are most exposed—and smaller scale industrial and infrastructure work is included.

The revolution occurred at a time when development work under the Shah's latest five-year programme — which had been due to be completed by March, 1978, but had been delayed by bottlenecks and other constraints—had reached a peak.

Of the British concerns now proceeding on major civilian contracts in Iran, Bath and Portland, through its subsidiary Marples Ridgway, is working on one of the largest.

Payment

Site work on Bath and Portland's £105m road contract in Iran halted during the civil unrest ahead of the revolution and is one of the major contracts seriously at risk from the new regime's axe.

However, the UK contractor's chairman, Sir Kenneth Selby, has told shareholders that the scrapping of the scheme would not involve Bath and Portland in a loss.

He said at the group's annual meeting in April that either the project would be completed, under the new Iranian authorities or payment would be sought from the contract insurers.

The contract—which is now two-thirds completed—is covered up to 90 per cent of its value by the Export Credit Guarantee Department, the Government agency which insures British companies trading overseas against slow or non-payment of money owed on contracts.

However, £18m is still owed the group, on work so far completed, *and Bath and Portland* with £37m-worth of assets presently in Iran has opted to set aside a £3.5m special reserve to meet uncovered eventualities.

More disconcerting for the group is the loss of future profits from the road contract and from other work that might have arisen in Iran.

Decisions

Costain Group is another British construction organisation still awaiting the deliberations of the new regime. Last year, the group won a £50m share of a large military contract and had started work on a building to house military vehicles when the troubles erupted in Iran. The group, however, has no other work outstanding in Iran.

The Iranian decision to suspend further work on the major Isfahan military-industrial complex at the beginning of this year was a severe disappointment to two more British civil engineering contractors.

Laing and Wimpey had both been involved in the project since its earliest stages and between them had already completed one £50m contract. When the project stopped they were involved in a further £60m of work, to provide main utilities, infrastructure services and factories.

Following its problems in Iran, Laing's annual pre-tax profits tumbled to £14.8m — earlier the group had forecast that profits would top the previous year's £16m.

The loss of its Iranian earnings is particularly worrying for Laing as a significant proportion of its civil engineering is commissioned by the local authorities and, with the recent *round of public spending cuts,* the group will increasingly have to look overseas to offset any further weakening of its position on the home market.

Projects

Other British companies involved in sizeable unfinished contracts in Iran include Cementation with an £11m high-rise flats complex, GEC with a £27m power station and Turriff-Taylor with a £24m oil terminal.

ECDG which has provided insurance cover against these contracts fear that losses may be substantial and, as a precautionary step, suspended insurance cover for any new British business with Iran shortly after the new regime came to power.

It may be some time yet before claims start to come in, but ECDG hopes that claims will not top the £70m it has paid out on contracts to Turkey —another country in dire economic straits.

A number of British companies still hold out the faint hope that their contracts might escape the axe but prospects look fairly grim presently.

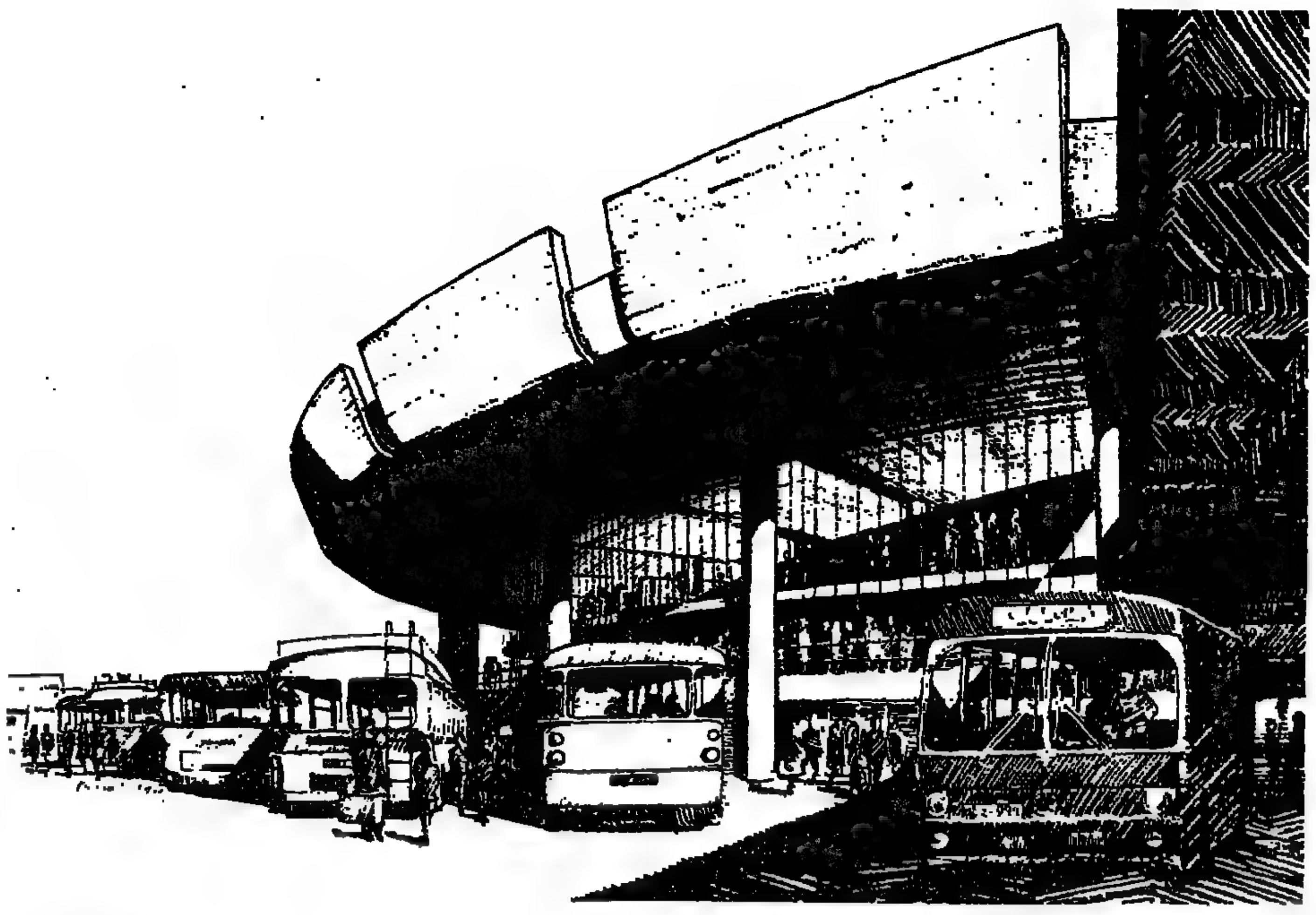
Even if there is no straight forward decision to curtail schemes, the internal confusion inside Iran suggests that it will be a long time yet before work will be restarted.

The strict limits on foreign workers allowed into Iran, the growing power of local worker and security committees are just two of the problems to be overcome if work is ever to be resumed. Many of the projects already completed or nearing completion now appear to be destined never to be used as they rely for supply or servicing on other projects now unlikely to be finished.

An Iranian energy expert, formerly a strong supporter of the Shah's ambitious nuclear energy programme, neatly summed up the philosophical metamorphisis of his country by writing in a recent academic paper that the two giant nuclear power stations nearing completion at Bushire should be turned into grain silos.

It is this background of confusion and continuing civil unrest that suggests it will be a very long time before Iran will once again become a major market for the UK construction industry.

Andrew Taylor



Among some of the more impressive construction projects completed in Iran, shortly before the country's development programme came to a virtual standstill due to the revolution, was the £8m inter-regional bus terminal in Tehran, illustrated here. Building Design Partnership, of the UK, acted as civil and constructural engineers and architects in association with Y Ittihadcih, of Tehran. The terminal has facilities for up to 850 long-distance bus movements and 50,000 passengers a day. Building Design Partnership's overseas interests at the moment include the Gulf States, Saudi Arabia, Egypt, the Philippines and Portugal

Contracts

CONTINUED FROM PAGE 1

the Chinese phenomenon and that many who talk of going and of winning work will either not go or will simply not win. Only the most well-versed and competitive of international groups will have a realistic chance of obtaining contracts and there is no guarantee that they will extract profits from such pioneering excursions into an unknown market.

But interest in the Chinese market is high in many countries, notably the U.S. and in Europe. As far as the UK is concerned, the recent British Energy Exhibition in Peking included names like Taylor Woodrow, Tilcon Brown and Root (UK), and Sir Robert McAlpine, and they were well supported by a list of UK construction equipment manufacturers and consulting engineers.

It is hardly surprising that, in view of the recent unhappy experiences of an unsuspecting construction sector, growing emphasis is being placed on attempts to succeed in markets which may appear inpenetrable by virtue of their own long experience but which are inherently more stable.

The United States is one such example and while the winning of work in such a well-developed market place, with its all-embracing range of indigenous design and contracting skills, is not an easy job, the prospect of political stability at least is a significant plus factor.

But with the Congressional Budget Office now apparently forecasting a serious U.S. economic recession later this year and through most of 1980, it seems that few havens now exist.

It would be easy, therefore, to imagine that international construction activity is heading for some desperately difficult *times ahead. The truth is that* large volumes of work do exist and will continue to emerge—witness the major contracts still being picked up around the world by UK groups—but it seems equally clear that individual contractors will have to work harder than ever to win a share of the business and to make it profitable.

Cautious attitudes among UK contractors

BETWEEN 1972 and the end of March, 1978, the value of UK new construction work overseas increased over five-fold to nearly £2bn. The greatest part of that growth was scored in 1974 and 1975 but now new order intake has slowed and is reflected in the more cautious statements now being made by chairmen of the major UK contractors.

The background to the latest problems was established from the outset of the British contractors' overseas efforts.

Essentially the British contractor pursued big project work—usually involving the development of an infra-structure for an oil rich nation—which lasted over a period of years.

UK companies became dominant in countries such as Dubai, Abu Dhabi and Oman. Although these were rich sources of revenue their markets were limited.

The possibilities for a contractor were soon exhausted, but the demands for more specialised know-how of the civil engineer and consulting engineer increased.

The contractor's work-load was running down. Moreover, with more companies both in the UK and overseas being drawn to those markets competion increased and margins became tighter.

There were other complications. A sharp decline in oil revenues of the producing countries, and high local rates of inflation and over-spending led to a cut back in the rate of development.

The contractor has responded. Although the Middle East remains the most important market for British contractors working overseas, accounting for over a half of all new contracts won, contractors have been looking beyond the Middle East to North and South America, Africa and the Far East to support their workloads.

Although Wimpey Construction UK gained a £65m project in December from the Arab Potash Company—representing the largest single contract ever placed in Jordan—the group has recognised that there is a diminishing market in the Middle East as well as an increase in competition.

Accordingly, the group has increased its operations in North America, and has achieved a greatly increased turnover. It has expanded its operations from its traditional base in Eastern Canada into Western Canada and the U.S.

It is also diversifying into several new classes of work; these include construction of facilities for two new sewage treatment plants, high rise apartments, factories and office buildings. In Alberta the company is actively involved in civil engineering and general construction projects such as the 3,400m-long irrigation aqueduct at Brooks, now completed, one of the largest earthwork projects in the province in recent years.

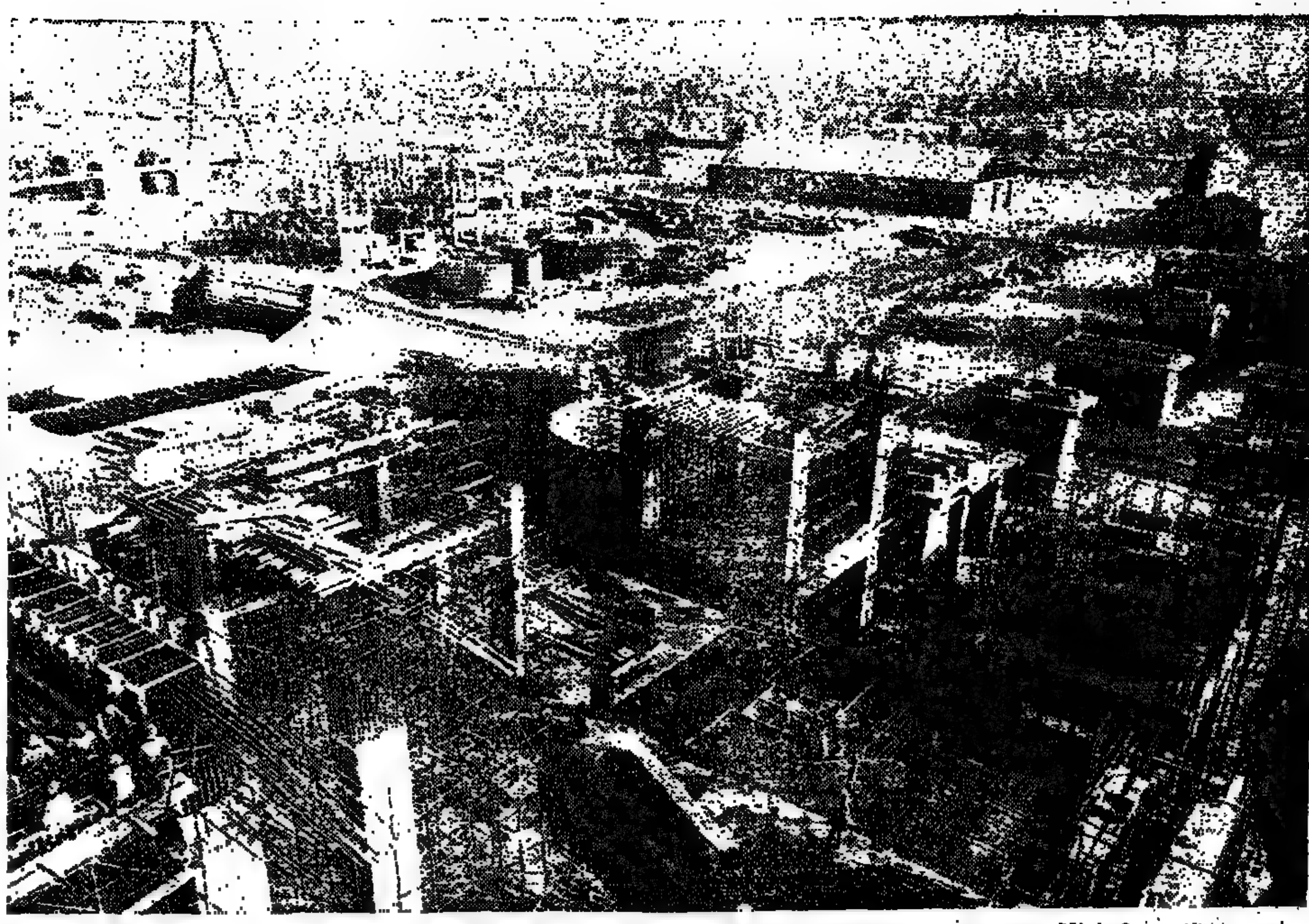
In the U.S. Wimpey has commenced operations in a small way in residential, commercial and industrial development.

Costain is finding the going tough in replacing its jumbo-sized Middle Eastern contracts with work of comparable size but the group is intensifying its efforts to obtain profitable new business in the Middle East, Africa and Latin America.

But in its latest report and accounts the group has indicated that it expects "an enlarged proportion of its future growth to come from the formation or acquisition of new business . . . this implies entry into new markets and expansion into new geographical areas."

Marchwiel saw its overseas contracting turnover fall dramatically in 1978, particularly in the Sudan where there have been delays in the awards of further work. Its overheads had been geared to a much higher turnover than that achieved and a substantial trading loss resulted on the international front.

However the group is still committed to overseas markets and in 1978 its African company commenced work on an Umtata hydro-electric contract. It has gained a further contract for the construction of a large dam.



Political problems are causing concern for overseas companies with involvement in Nigeria—the most important African market for the UK construction industry. Above: The Ashaka Cement Works, Nigeria, under construction by Costain (West Africa) Ltd.

Tarmac managed to obtain substantial overseas contracts in 1978 within a limited geographical area: a £17m Saudi Arabian shiprepair yard contract at Jeddah; a £10m subcontract for the steam power station at Sharjah in the United Arab Emirates, and large joint contracts at Abu Dhabi and Das Island.

John Laing gained a first project in Egypt in 1978 for £12.5m for the Arab Organisation for Industrialisation at Helwan, near Cairo. The group is tendering for further projects.

In the group's important Spanish market Laing found the going rough but managed to maintain its turnover levels in 1978. Major civil engineering contracts were not available in Spain in 1978 but a number of smaller contracts were obtained for road works, factories, water distribution schemes and port extensions.

But in spite of the patchy overseas markets the group is determined to raise turnover and profits from overseas business.

Trafalgar House saw the size of its individual overseas contracts fall in 1978, principally because 1977 awards were inflated by two very large Polish contracts and a £52m contract for the Galadari complex in Dubai. Notable contracts in 1978 included a £14.5m contract for a hotel in Bahrain, and a £10m contract for a bank in Saudi Arabia and a £9m contract for an Egyptian factory.

Others have been less fortunate. Those smaller groups which have committed limited managements and financial resources to ambitious overseas projects have found the going sticky.

Streeters of Godalming were badly hit by the changing circumstances in the Middle East. The group had to drastically reappraise its position in that area which subsequently led to its withdrawal.

Costain later stepped in with an injection of capital and a co-operation agreement whereby civil engineering subsidiary of Costain and Streeters will collaborate on civil engineering works.

Bryant Holdings had to make substantial provisions on its Saudi Arabian operations.

And Bath and Portland was hit by the Iran troubles on its massive road-building project.

Companies of this size have been vulnerable in other ways when embarking on overseas expansion. By heavily committing themselves to overseas markets their managements have often neglected the home market and as a result lost market share.

But now there is a phase of retrenchment and consolidation underway among the medium sized concerns which suggests the lessons may have been learned.

John Moore

Competition from the Far East

BRITAIN STILL ranks as one of the top half dozen contenders for the world's largest construction contracts but its position within the six is under fierce competition and could well be slipping.

With new orders slowing down in areas hitherto most active—the Middle East, for example—competition is intensifying and, in many cases, other countries are better placed to win the orders.

The greatest success story of them all is that of South Korea. A recent study by the international accountants, Peat Marwick Mitchell, of the major contracts let by the eight Gulf countries in the 16 months to last November, shows Korea comfortably top of the list with 16 per cent of the total.

Korea managed to win just on £4bn of total contracts worth £25bn. Next came France which was awarded £2.6bn or 11 per cent of the total, and the US with 8 per cent or £1.9bn.

The next three overseas competitors, closely bunch together with respectively, 7, 6 and 5 per cent of the total. They are Japan, West Germany and the United Kingdom.

Just behind them is Italy with 3 per cent of the orders worth £800m—a strongly competitive position and one which is often under-estimated by the British.

Britain's overall position amongst Gulf contractors, of course, disguises widely differing performance in each country. In the United Arab Emirates the Peat Marwick study suggested that the UK had nearly 40 per cent of new orders; about 12 per cent of new business in Qatar; and about 9 per cent in Bahrain. Perhaps fortunately in the light of the political deterioration in Iran, Britain's share of new orders there last November was a mere 1.4 per cent.

More worrying was Britain's low performance in Saudi Arabia, the biggest spending country, which placed 54 per cent of the total £25bn orders during the period. Britain managed to secure only 3 per cent of them.

In other parts of the world—conspicuously in the old colonial areas—Britain has a dominant position. Nigeria is one of those, although even there the Italians are also highly visible.

Hong Kong, Thailand and Indonesia have also been fruitful areas for UK contractors especially in the civil engineering projects of the development programmes.

But again, South Korea and particularly Japan, are fierce competitors. Japan's involvement in the economy of Indonesia completely overshadows all other countries and its interests range much further than mere tendering for contracts.

Japanese investments account for a third of all Indonesia's foreign investment though the aftermath of the recent devaluation may have caused the Japanese to think again about such great exposure.

Japan and West Germany are the front runners in the newest of all the arenas—China. Although Britain is competing—frequently with success—for the contracts at the top end of the scale such as the £36m oxo-alcohol plants to be built by Davy Powergas—it still lags behind these two.

The Japanese believe that by 1985 trade with China could amount to 10 per cent of total exports and they intend to support this trade by earnings from and participation in the greater part of the development programme in China.

Germany, too, wants to protect its exports of machinery and plant—it is by far the dominant supplier—by the same method.

Clearly, the competition is

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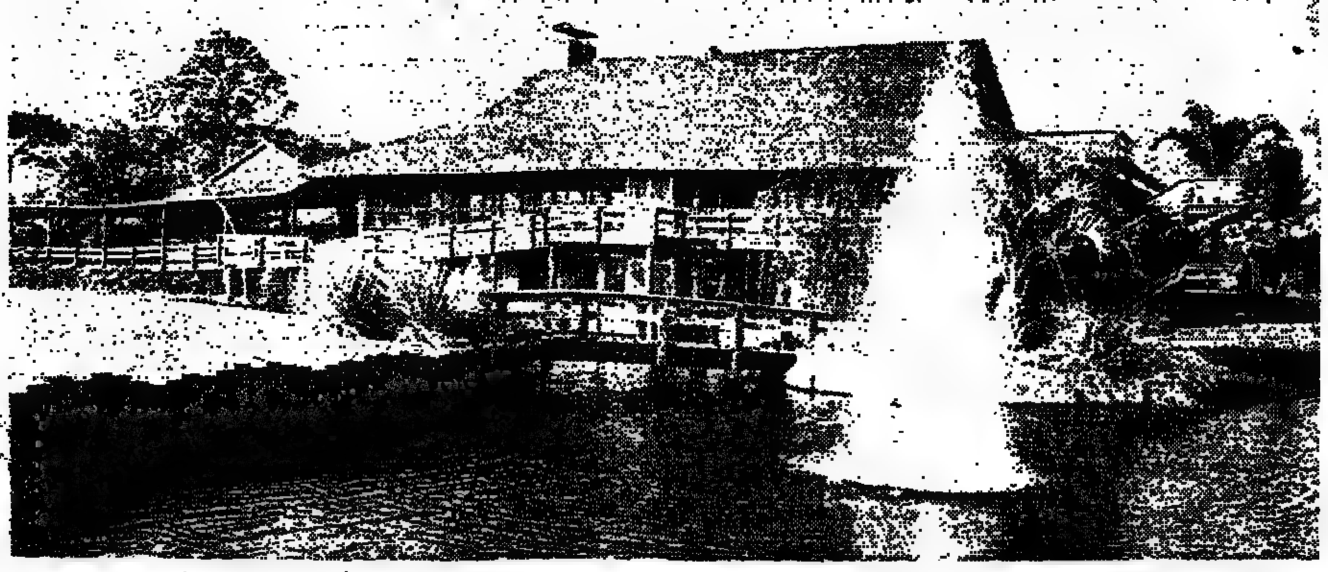
OVERSEAS CONSTRUCTION V



Country Club at Taylor Woodrow Homes' 1,313-acre housing development at Sarasota, Florida. The ...ct includes 3,910 homes, a 160-acre golf course and 72 acres of lakes. Taylor Woodrow began building homes in the U.S. in 1937

Growing interest in U.S. market

... may not be among ...st of the world con... markets to penetrate ...ifficulties of operating ...it times, can appear to ...ely protective market ...tainly a highly compe... —have not prevented ... numbers of inter... contractors from ...zo in the U.S.

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...nd management skills ... been perfected to a ...ch ranks the Ameri...bility either beyond, ...ly alongside, the best ...n the world has to ... addition, market con...hin the UK have been ...h output levels down. ...n intense and ...nning very low.

...ects

...roblems of taking on ...actors in their home ...particularly recently, ... substantial, although ...eign companies are ...ng America and com...h some notable coups. ... companies have been ...e "pioneers," some ...to the latest world ...f contract opportuni...ow beginning to ex...ospects in the U.S., ...hers have treated ...as a valuable and ... growing market ...many years.

... the major interna...l engineering con...ave been in the U.S. ... been more successful ...ing their operations ...r Woodrow, which has ...rating on the other ...e Atlantic since 1937. ...pany has no less than ... subsidiary companies ... and holds a 46 per ... in the Taylor Wood...an Construction Cor... which was incorpor...'62. As a general con...d engineering opera... interests in property ...nt and management, ...s housing, the group ...e well-known in the ...arge scale renovation ... a growing source of ...on business—as in the ...

... beginning of 1979, ...oodrow announced the ... of three new com... the U.S. The principal Taywood Energy Services, is competing for work in all energy-related fields.

The other companies are Taywood Minerals and Taywood Mining, operating in the coal and mineral mining sector. Work has started on the first open-cast mining project, to be undertaken by the new companies in Kentucky. By 1982, when the operation comes fully on stream, a million tonnes of coal a year will be extracted.

In California, Taylor Woodrow Homes is in the planning stage of a 366-acre community scheme in Orange County and is also building homes in two other California locations. On the other side of the country, the company's luxury homes development in Sarasota, Florida, has now been completed.

In the property sector, the company has opened an office in Atlanta, Georgia, and completed sites as well as development projects form a part of the portfolio. Operations extend from South Carolina to Georgia and Texas and a spread of developments in the south-east and west coast regions of the U.S. is being built up.

Taylor Woodrow was also launched on an industrial building programme and has recently acquired a 30-acre site at Visalia, in California, on which units will be available for lease or sale. Few foreign contractors can claim to have achieved such an all-embracing penetration of the U.S. market, although several others have ambitions to follow suit.

Among UK contractors already operating in the market are big names such as Cementation and Wimpey, with other participants including operations, such as GKN Contractors —main contractor for a £20m car components plant in North Carolina. Even small UK operations, like the Hunting Gate Group, have plans for U.S. involvement.

But it is not just the contractors who are treating the U.S. construction market as a potentially major source of business. Numerous building material suppliers are intensifying their efforts in one of the world's largest markets.

Expansion

Companies such as Ready Mixed Concrete see expansion in America providing a valuable addition to existing international markets. In February, it acquired the whole of the issued share capital of Piedmont Construction, a ready-mixed concrete operation in North Carolina and, in so doing, has established a base for U.S. operations.

As part of its £50m expansion programme in America, Redland, the building materials and contracting group, has purchased Season-All Industries of Indiana, a deal arranged in conjunction with its West German subsidiary. The company, which has four plants, makes storm windows, doors and replacement windows.

Redland has already bought an American roof fastening manufacturer and has U.S. subsidiaries in traffic engineering and traffic control devices. The company's policy is aimed at offsetting the slower rate of growth in the UK and other European markets, a reasoning shared by many other groups confronting progressively tighter business opportunities in more traditional areas of operation.

Similarly, Marley at the start of 1979 entered a partnership with the Jim Walter Corporation to produce concrete roof tiles for the U.S. market. By May, it was announcing that it was moving into the plastics industry via the acquisition of a Chicago company which, through a subsidiary, is one of the market leaders in "fashion plastics," covering modular furniture, kitchen, table-top and plant and horticultural accessories.

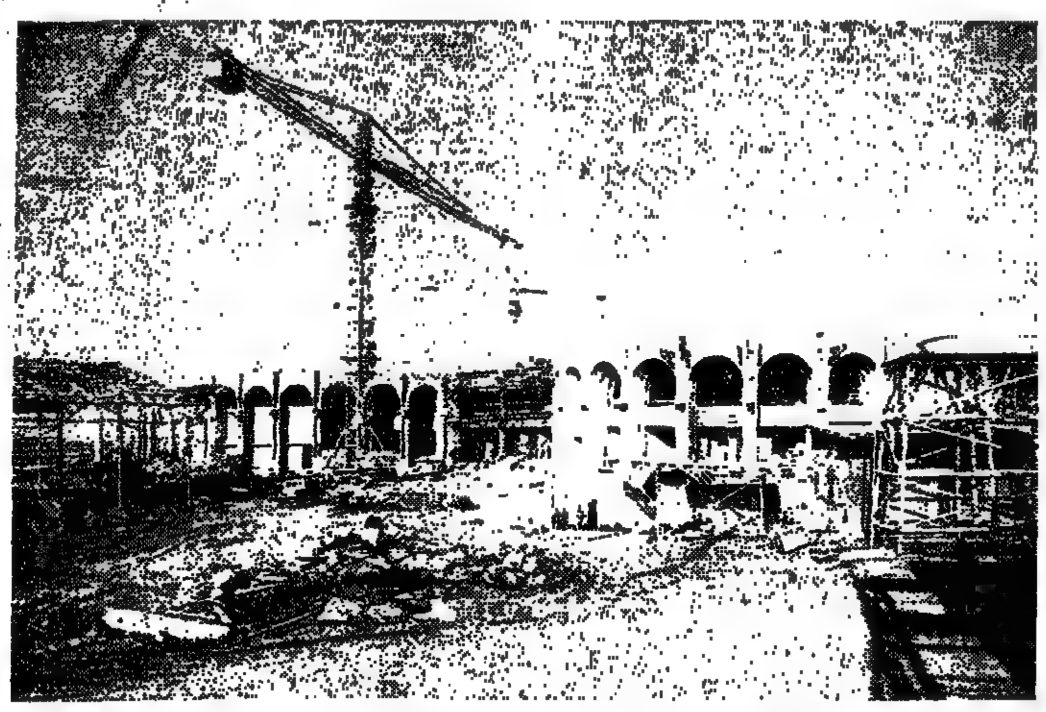
At the time of the acquisition, Marley said the purchase of other American companies was under consideration.

British companies are not alone, of course, in appreciating the strengths of the U.S. market in terms of its size and wealth and investments and acquisitions are also being recorded by numerous European contractors and material producers and suppliers.

But with prospects for the U.S. economy looking distinctly unhappy over the medium-term, foreign participants face a potentially difficult period in a market which has in any event never been easy.

The principle of limiting investment in any one market—however large and powerful—is as likely to be adhered to in the U.S. as anywhere else.

Michael Cassell



Construction work on the passenger terminal at Sharjah Airport in the United Arab Emirates. The main consultants were Sir William Halcrow and Partners and Halcrow International Partnership

Competition

CONTINUED FROM PREVIOUS PAGE

going to be ruthless and with suspicions already being voiced in Britain about the continuing political stability in China, British firms may not win the support needed at the political level to fight that competition.

British contractors also complain of a lack of wholehearted support from Government in other parts of the world. They are given to blaming missed opportunities on the subsidies, incentives and encouragement offered their competitors by their own governments even to the point of enabling them to take on loss making contracts.

Korea has frequently been cited as an example of this, particularly in the supply of steel. But there is another side to the coin—a self-inflicted handicap. In many of the major overseas contracts, pricing between countries is so tight that performance—the ability to meet contract dates—is often the key factor.

And there British companies are frequently accused of falling down. With the accumulation of expertise in the leading UK contracting and civil engineering firms, the accusation is generally unfair if applied to them. But it still applies further down the line to suppliers of components.

In the Middle East stories are rife of British consultants being forced to order Korean steel not because of price (though that is favourable), but because British Steel could not meet large orders in one shipment because of union pressures against overtime.

The Italians also seem to have an ability to gear up manufacture and delivery of fittings for, say, hotels, where British companies prefer to maintain long order books and a steady work load.

The Japanese and Koreans have also developed a fine cutting edge over other worldwide competitors by their ability to supply not just expertise and construction skills but also manpower. The European and U.S. firms limit their staff exports to a handful of key workers, relying on local labour to fulfil contracts.

In many of the countries where the most profitable and largest contracts are to be found, suitable local labour is in short supply if not non-existent. Throughout the Middle East, the Koreans have proved time and again how much faster and better their own labour forces can complete projects. And that means repeat orders.

Christine Moir

Need for skilled workforces

THE SLOWING down of the construction boom in the Middle East, coupled with the continuing instability of the market in Iran, has meant a further easing of the problem of finding adequate and suitable supplies of labour.

In the wake of lower output, the labour market for all grades of construction workers in the Middle East has declined. However, the oil-rich nations will continue to depend on multinational workforces to undertake major development projects.

During the construction boom personnel recruitment—particularly of third country nationals—has become a more refined and developed process.

In a period of increasing competition for contracts, the quality of the workforce is likely to become a *still more important* factor. The mass migration of managers, craftsmen, semi-*skilled* and unskilled labourers began almost immediately after the last oil crisis which lifted the development aspirations of the Arab world.

However, plans for new projects also exposed the weaknesses of the Middle East labour market, the lack of indigenous skills and its inability to provide sufficient numbers of ordinary labourers.

Expatriates

The degree of reliance placed on expatriate labour by the Middle East nations is difficult to estimate precisely although some indications are given by the numbers of foreign workers now employed in some of the countries.

Abu Dhabi has about 40,000 labourers working in the construction industry and it has been estimated that the United Emirates as a whole now comprises 20 per cent UAE citizens *and 80 per cent foreign nationals*—although clearly they are not all involved in construction.

Bahrain's construction programme has led to a trebling of the number of skilled workers and technicians to over 30,000 and Saudi Arabia is now thought to be employing as many foreign nationals as citizens of its own, about 1.28m.

Saudi Arabia, with a local population of slightly more than 4m, may well need to recruit a further 500,000 expatriate workers by the early 1980s to complete its five-year plan. Until recently, much of the skilled labour required for overseas construction was provided by expatriates working for Western contractors, but now Middle East countries are not relying so heavily on Western skilled labour. Neither are western expatriates so keen to be employed in the region.

The harsh environment coupled with social restrictions in certain countries have tended to discourage expatriate workers from working on Middle East contracts while high salaries have become less attractive when viewed against high living costs and substantial inflation.

The Middle East does, however, still offer opportunities *for career advancement and job* responsibility to the young manager which might not be available in the UK—*particularly* because of recession in the UK market.

The abilities and level of training of personnel in many Arab States has risen significantly in the last five years but most still cannot provide, from the domestic market, the scale and quality of manpower *required*.

Recruiting manpower on the scale required in the Middle *East has not been without its* own problems. Labour from third world countries has tended to be both relatively cheap and under-utilised with perhaps insufficient emphasis being placed on recruitment and specialised personnel administration on site.

The net for manpower has spread out through Asia, but the experiences of contractors have led to a number of wide generalisations being made about labour from particular nations. For example, Portu*guese and Philippino labour* are said to be very expensive to feed, while manpower from *Turkey and Pakistan have been* regarded as "difficult" to control.

Labour for the Middle East market has been drawn from throughout Asia and from as far away as Korea. However, contractors' difficulties in working with these migrant labour forces have been matched to some extent by growing restrictions by the supplying countries on the conditions of employment of their citizens abroad.

Korea, for example, has been a popular source of labour in the Middle East for the past few years, however the country, as a source for trained personnel, has now almost "dried up." *This is mainly a direct result* of the Korean Government's ruling that Korean companies *will be given preference over* foreign firms when employing Korean labour.

The Koreans, *working mainly* in Saudi Arabia and Abu Dhabi, have won a reputation for being *hard-working and reliable*—*as a* result Korean contractors have been granted more than \$2bn *worth of contracts. The Korean* workforce in Saudi Arabia is now estimated to number about *40,000 people*.

As labour from Korea has become more difficult to obtain and experiences of other expatriate workers have led contractors to be more wary, companies have increasingly turned to India with its vast population and 40m unemployed to provide new labour requirements. While this policy has been actively encouraged by the Indian Government, it has, *perhaps more than any other* nation, now imposed fairly strict conditions on potential employers, in order to protect Indian citizens.

Poor recruitment policies in the country of origin have undoubtedly led to some instances of bad treatment, misuse and sometimes acts of fraud against Third World workers and it was against this background that the Indian Government formulated a system designed to protect the overseas worker.

Under the Indian Government's regulations, formulated early in 1978, workers must receive at least basic rates of pay *for different categories of* jobs, the figures set and adjusted by the Indian Government.

Requirements

Employers are also contractually bound to give three months' notice of redundancy; they must also provide 30 days' paid leave a year, offer free medical services and furnished living accommodation to each employee.

Free transportation to *and* from the site is also specified as a condition of employment and the employer must ensure that a minimum of 10 per cent of his employee's salary *is* sent back to India.

Such a rigid system of control has been criticised, both internally in India by those who argue that the restrictions will simply reduce the chance of employment to large numbers of people without any other opportunities for work, and externally by those who argue that the numerous formalities in the scheme do not necessarily solve the problems of personnel once they arrive on site.

There is indeed some indication that employers are turning to alternative labour sources such as Pakistan, Sri Lanka and Bangladesh, but it is perhaps only a matter of time before these nations impose similar restrictions.

The Indian Government's stand is perhaps justified by the conditions under which some labourers have been expected to live and work in Arab countries.

Although conditions have varied enormously (determined as much by individual contrac*tors as* by any individual government), it is questionable whether similar standards would be tolerated by Western labourers despite the fact that in the main western contractors have maintained good standards of accommodation and food.

In contrast, the conditions of employment for European staff appear to be much better with many employers offering a wide range of facilities equal to any at home.

Middle East labour requirements have—because of their sheer size—created their own problems although it would be false to suggest that manpower problems are confined to this area of construction activity. The stories of problems for migrant Turkish and North African workers in European countries are now well documented.

Improved selection and recruitment procedures, coupled with better on-site personnel management, have certainly improved the labour standards for western contractors in the Middle East. In the longer term, the regimented discipline of the Korean workers, employed by Korean contractors, may indeed give them a decisive advantage in this increasingly competitive market.

Andrew Taylor

Insurance schemes to cover all risks

OVERSEAS CONSTRUCTION projects have become larger and more complex in recent years, often involving more than one contractor on a multinational basis. The insurance required for these projects has followed a similar pattern in becoming all embracing, complex and involving more than one insurer. The risk is now being spread world-wide, very much on a multinational basis.

With the amounts now being tied up in a single project, no contractor can afford to embark without having adequate insurance cover. Otherwise, even a delay could make him bankrupt. Contractors' all-risks policies have now become highly sophisticated to meet the needs of the contractors.

In the UK insurance market, constructional insurance risks are divided into two types. Engineering projects such as the building of bridges or nuclear installations are dealt with by the specialist engineering insurance companies or departments. The civil engineering projects, such as buildings or harbours, *are covered* in the fire and accident departments. On the Continent, the *practice is to treat all construc*tion as engineering insurance.

The Contractors' all-risks *policy certainly* cover all the main risks that are likely to be encountered on the project—destruction by fire, explosion, or even earthquake, damage to equipment and vehicles, and so on.

The insurance cover starts when the plans are delivered at the site and the risk ends when the project is ended and handed over to the purchaser. But modern contract conditions are now forcing contractors to seek cover beyond the traditional contractors' all-risk cover.

The contractor may be forced to use local materials which could prove inferior. He *most likely has to sub-contract* much of the work. He may well be fully responsible for breakdowns or damage for a long period after he has handed over the completed project. He may have to pay out for delays in construction.

All these factors have forced the *insurance* industry to widen the cover it provides. Maintenance cover beyond the normal period is becoming standard. Some companies are now offering certain forms of design damage cover since many contractors are being forced to use untried techniques in construction to save costs.

Normally, the contractors' all-risks scheme covers the sub-contractors' liability. But in many cases on overseas projects, the main contractors are forced to use local sub-*contractors*. *Insurance* was never designed to cover the cost of bad or faulty work. *Hence the insurers are* now being more selective in providing cover for work done by sub-contractors. Now only nominated sub-contractors are covered without further investigation.

British insurers have a long history of operation in this field and have formed close links with the main construction companies. The underwriting of a risk depends very much on the individual circumstances of the project. But the most important factor is the history of the contractor and *his* experience and success in the particular field. Close contacts between *contractor and insurer* are vital.

Other influences on underwriting are the climatic conditions, *the local labour market* and political scene and the type of project. Underwriters have tended in recent years to make one or two mistakes over climatic influences that have proved very expensive. The most famous example was the complete ignoring of the possibility of "flash floods" in Saudi Arabia. These resulted in roads, equipment and materials being swept away by these storms.

The imposition of penalty clauses for delays has added a further dimension to contrac*tors' all-risks schemes. The re*liability of local labour is now crucial. The delays in repairing *faults in vital machinery is all* important. Insurers can no longer do everything from their UK offices. They need someone on the spot and they need the advice of experts.

Insurers would regard the provision of a loss prevention service as part of the overall package provided. It will save them and their contractor clients money if accidents and delays can be prevented. The underwriters are backed by a team of experts in order to be able to assess the risk. Those same experts can advise the contractor on various matters to reduce risks, such as the siting *of access roads*, the *need for* standby machinery, and so on.

The experience of British insurers in this field has been a mixed bag. There is stiff competition for business and experience on major *projects* as a result has not been good. Premiums have been cut to the *bone because of this intense* competition.

Contract periods have become longer—three or four years *is* now the normal period. Experience tends to be good in the *first year of a project* and it is only in the final years that full exposure occurs. Yet the rates have to be decided often at the outset.

The insurance laws of the country in which the project occurs may make it obligatory that the insurance is placed in the first instance with local insurance companies. The risk comes back to the UK market in the form of reinsurance. This is a trend that is likely to continue as countries become more nationalistic in outlook.

Employers' liability insurance can cause a few problems. The contract is often operating by a multinational consortium headed by a particular contractor. He will tend to set the insurance pattern. But the level of employers liability cover will have to conform to local laws.

But it will also have to meet the requirements of the country from which the employees come. *For instance*, a UK employee working in Saudi Arabia will need cover conforming to that *applicable to either country*, since in the event of a claim, he could sue the contractor in either the UK or in Saudi Arabia.

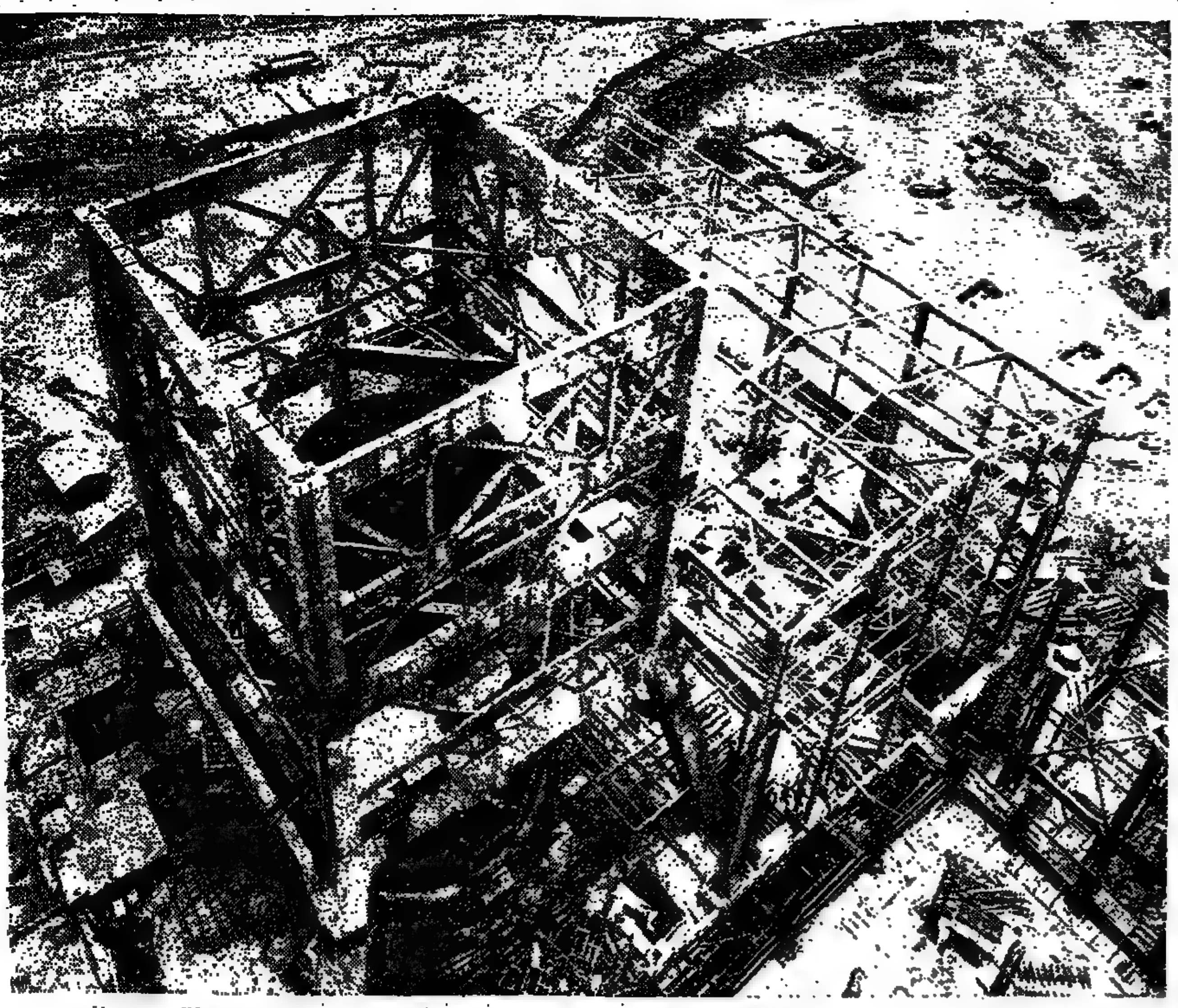
The consultants involved in the project need professional indemnity cover. The collapse of a bridge could have severe repercussions on the consulting engineer, if proved to be a result of a design fault. Product liability is now coming into the picture. Contractors' all-risk policies conclude with the end of the project. But the risk of being sued can carry on beyond that date.

The insurance broker plays a very important role in the provision of insurance on overseas construction projects. His first *task is to ensure* that the contractor has the required cover at the best price.

Brokers are *able to* put together the various types of insurance needed and ensure there are no gaps. The major multinational brokers have established offices and contacts in the established and the developing countries. They have their own experts and can advise and recommend, from the initial survey to the final completion.

Eric Short

OVERSEAS CONSTRUCTION VII



proceeding on the new blast furnace at Acominas, a massive development at Ouro Branco, in Brazil

Complex problems of finance

NDING of overseas ork has never been xercise for the con- ut in recent months on has become even lex.

eavals in Iran, and al uncertainties in rseas markets, to- h volatile interest ments in the UK g in a two point inimum lending rate cent), set against a l of a strong pound, ed more than their of problems.

ncentrated the minds seas contractor won- rlier this year was political crisis.

Iranian troubles the Export Credits Department, a UK ent department o help exporters provision of insur- variety of guaran- end its cover on new at was going to the

commitments that given on behalf of rs were not affected, ies were asked to th the department g further shipments d under existing

tions

the third largest which the ECGD he amount it has at country has been t £900m.

ly, the problems in some debate about ations of ECGD

t common criticism lement of claims is delayed while the claims is tested.

exclusion clauses ll print can some- that a company is for a particular set ances.

riticisms, however, when set against the vices that ECGD pro- e exporter.

insurance support to the overseas contractors is a constructional works guarantee. The policy relates to contracts with Governmental bodies, and provides a flat 90 per cent on losses due to default of the Government employer (or client), including delay in the transfer of sterling payments.

It provides cover for war between the employer's country and the UK: war, revolution or similar disturbance in the employer's country; imposition of import or export licencing (or cancellation of an existing licence) for goods or materials manufactured or purchased by the contractor after date of contract, for use on the contract, but for which, at date of loss, the employer has no obligation to pay under the contract.

It covers additional handling, transport, or insurance charges due to interruption or diversion of voyage on goods or materials shipped from the UK, if the charges cannot be recovered from the employer; and, within limits agreed with the contractor, the employer's failure to pay to the contractor sums awarded in arbitration proceedings under the contract.

Similar cover can be arranged on work for private clients, but in place of the cover on default of the government employer there is cover on 90 per cent of loss in respect of insolvency or protracted default on sums due under the terms of the contract, and on 90 per cent of loss from delay in the transfer of these payments.

The premium levied on the insurance cover, is charged on the total of the estimated basic contract price and all such additional sums, and includes a provision for the proportional refund of premium where the actual contract price (subject to a stipulated minimum) and interest charges fall short of the estimate.

A relatively recent innovation has been the introduction of a "joint and several cover" to provide support for a UK company participating with other companies in major projects. It is available for projects with a minimum contract value of £50m, where they are judged to be "of exceptional national interest." It enables estimated sums in the tender price to cover such risks to be reduced to the level of the ECGD premiums, and thus make the bid more competitive.

The facility can be taken advantage of by main contractors in relation to UK subcontracts amounting to 5 per cent or more of the total project value, or it can be adapted to cover UK members of consortia or joint ventures.

Liability

The cover indemnifies the insured contractor against cost over-runs which are judged by ECGD to be unavoidable and irrecoverable incurred for reasons outside the insured's control in connection with subcontracts. The amount of the cover provided is 80 per cent of the admissible losses with a maximum liability of 20 per cent of the total UK value of the project contract.

Premiums charged for this facility is arranged in two parts: a fixed sum of £5,000 which is unreturnable; while the main premium is levied at £2 per £100 of the total UK contract value.

In addition, ECGD provides cover for the performance bonds which are usually required by overseas clients.

Performance bonds are basically a guarantee given by a bank on behalf of a contractor in respect of a percentage of the value of the contract he is undertaking. If performance on the contract is regarded as deficient, the customer can receive immediate part-compensation in cash by calling in the bond.

Although ECGD does not provide bonds, but gives support by means of an indemnity to a bank or surety company which is willing to issue the bond. Under its indemnity, ECGD is unconditionally liable to reimburse the bond giver in full for the amount of bond called.

The banks, in turn, regard performance bonds as part of the contractors' overall debt profile which, in turn, resricts the amount of financing they can utilise for working capital requirements.

Another drawback is that the maximum amount of cover that a contractor can gain is usually 90 per cent on the contract value which means that a company's balance sheet has to bear the strains on a 10 per cent exposure in the event of a major hitch.

With contract values constantly rising, this proportion of the exposure can often be an onerous burden to the overseas contractor.

The complexities of financing arrangements are compounded by the fluctuations of interest rates. Overseas markets are competitive, margins are wafer thin, and the cost of borrowing high.

In these conditions the overseas contractor has to be certain that he can service the debt, as well as produce a return which is likely to prove that his overseas initiative is worth while.

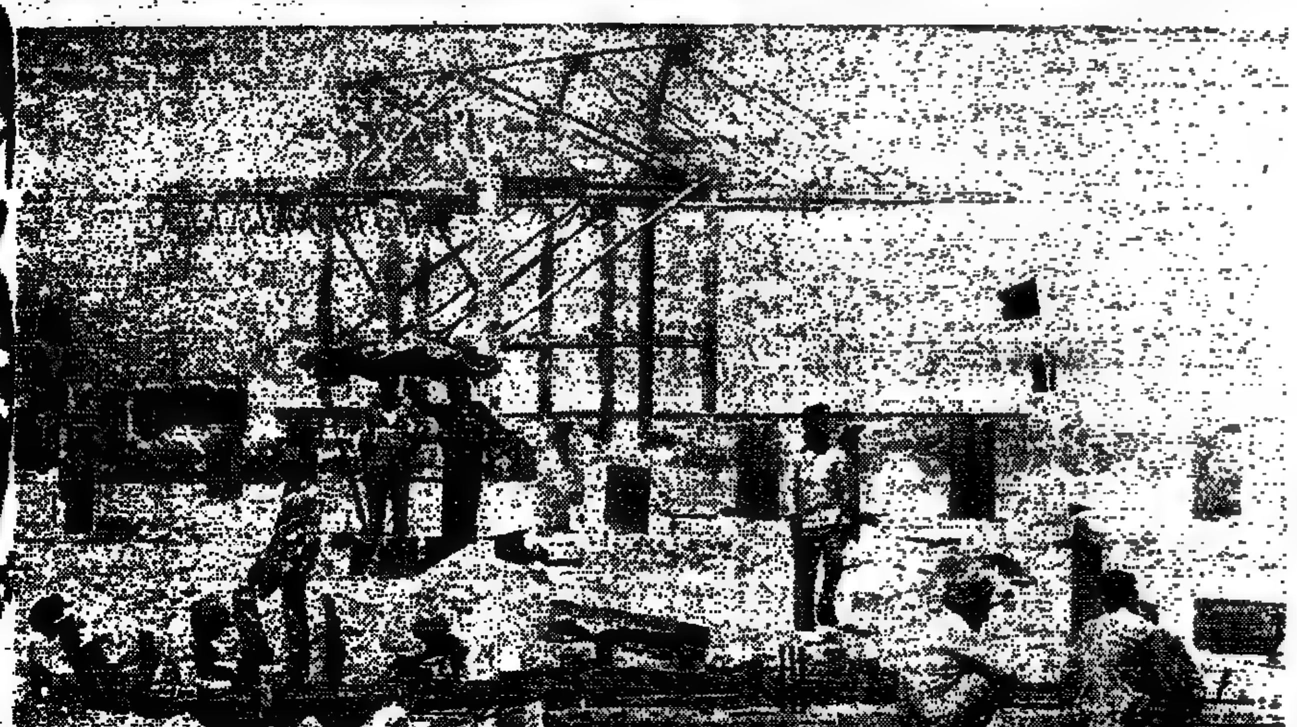
In these circumstances many contractors have decided on less ambitious forays into overseas markets and concentrated on making sure that their own internal finance can cope as far as possible.

But if bank interest rates are always a source of concern for the overseas contractor, another is the lack of specialists that banks possess to deal with the problems of the contractor.

As development projects grow more complex, involving long-term finance, more technological expertise is required among the bankers to appreciate the problems. There is a growing desire among contractors and engineers that bankers should participate more closely in negotiations, especially where important government or other major projects are involved.

The banks may take issue with such an argument, but from the contractors' point of view it would provide considerable advantages.

John Moore



m port at Mina Jebel Ali, under construction by Gulf-Cobla for the Ruler of Dubai. The port, with 66 berths, is due for completion in February, 1981

OVERSEAS CONSTRUCTION VIII

Material suppliers seek new export markets

THE DOWNTURN in UK construction work has led many contractors and building material suppliers to look overseas to replace any softening of profits on the home market.

But with many large items like bricks and cement it is a costly and lengthy exercise to export, and this has meant that building material companies wishing to trade overseas, particularly in the booming development markets, have had to bear their share of building new manufacturing plants in these countries.

This can prove a risky business—as many contractors and suppliers have found to their cost in Iran—given the politically unstable climates in many of the Third World countries where development potential is greatest. Not only do British manufacturers operating in these countries have expensive assets at risk but there are often problems of finding a suitable partner to operate the plant.

Even if these difficulties are overcome the company still has to repatriate its share of profits back to the UK—and this, too, can be a lengthy process—while countries such as Nigeria can all too readily decide to nationalise at least part of the business.

Thus, while the potential of these markets cannot be ignored, British suppliers are also well aware of the risks they may be taking by investing cash in overseas projects.

However, it would be unfair to paint a completely bearish picture of the overseas development markets, which have provided in many cases a more than useful cushion against the downturn in UK construction activity.

The problem facing companies trying to export materials direct from the UK was perhaps best summed up by London Brick, which three years ago produced figures showing that in one case where a price had been given for delivery to Riyadh in Saudi Arabia, the transport charges worked out at 41p a brick—21 times the ex-works price of the bricks themselves.

But the export markets should not be dismissed. Building materials embrace a wide range of products from door knobs to structural steel supports, and the smaller products are easily shipped. It can even be economic in some cases to ship bulkier products like cement. Of a total world consumption of cement estimated last year at around 700m tons, approaching 40m tons was shipped direct from one country to another.

Because of the vast range of building materials and components manufactured in this country, accurate figures on export levels are difficult to arrive at, but exports of building materials from the UK may have approached £1bn last year.

Demand

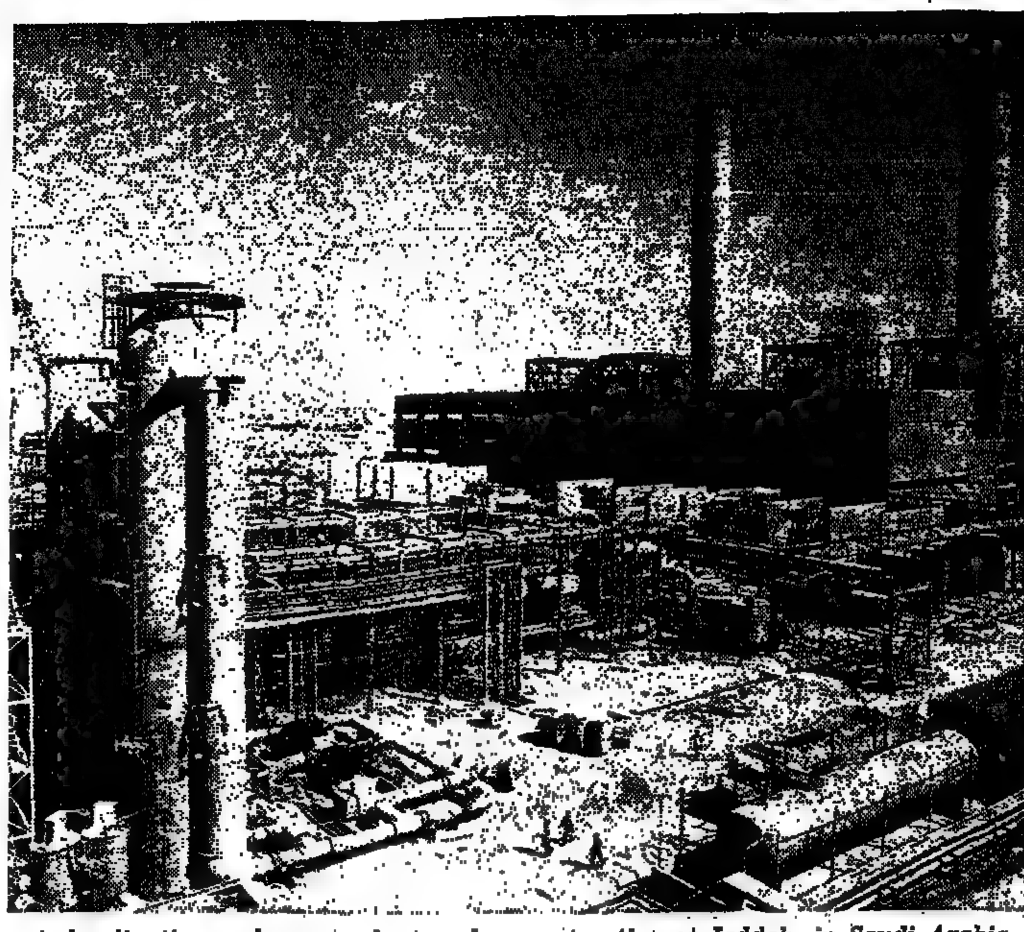
However, UK suppliers may find life a little tougher in the immediate future. The rising value of sterling is continuing to blunt the competitive edge across the whole range of British goods, while a number of important export markets are looking a lot less buoyant these days.

A spokesman for the National Council of Building Material Producers said that there are clear signs that the "flattening-out" in the level of construction work in the major Middle East markets is continuing.

In Nigeria, another important development market, some British suppliers report a marked slowing down in activity as the country's economy moves into recession. London Brick, for example, has just trimmed its operations in Nigeria. The group also has a 20 per cent stake in a brick works in Iran. But here prospects look perhaps a little brighter than for many construction companies with investments in Iran. London Brick's stake is in a plant with two brick kilns one of which had been working for around 12 months when the troubles erupted. Brick production has now restarted at this kiln, and it is hoped that the second will be fired shortly. However, there is always the fear that the new authorities will attempt to nationalise businesses with overseas interests.

The group has also had problems in Abu Dhabi where it has presently closed down its operations, and its difficulties in Nigeria, Iran and Abu Dhabi led to £260,000 extraordinary loss last year. Against this the group's traditional UK brick business performed well, with a recovery in UK private housebuilding last year. The Croydex housewares and garden products generated export sales of £4m, and total group pre-tax profits rose from £12.2m to £14.1m in 1978.

London Brick's recent experience in Abu Dhabi, Nigeria and Iran ideally reflect the risks and problems facing UK suppliers looking overseas to reduce dependence on a home market, although London Brick's overseas exposure is much less than some suppliers.



A desalination and power plant under construction at Jeddah, in Saudi Arabia. The civil sub-consultants are Sir William Halcrow and Partners, with Ewbank and Partners as consulting engineers. Ewbank has strong involvement in the Middle East and has recently won new contracts in Malaysia, Venezuela and the Bahamas

Blue Circle Industries—formerly Associated Portland Cement—last year earned just over half its £51.6m pre-tax profit from its overseas operations.

North America remains its most important overseas market generating around 20 per cent of total group profits, with Asia and the Middle East generating a further 14 per cent and Africa 15 per cent. At the end of last year Blue Circle announced that it had completed financing arrangements for a further three major overseas projects, together valued at £176m. These were in Mexico, Malaysia and Nigeria.

Redland with pre-tax profits of £39.4m in 1977-78 is another major UK building materials group with very strong overseas interests. Its last report and accounts showed that only just over a third of total profits is generated from UK sales. Its major overseas market is West Germany, which generated 38 per cent of group profits, although this share has declined in recent years. In 1974-75 West Germany contributed exactly half of group profits, although profits across the board were generally lower that year.

The group has recently embarked on a U.S.$100m shopping spree in the U.S. and as a first step announced in March this year that it had agreed to proceed with a $29.2m (£14.4m) takeover of Season-All Industries, the U.S. manufacturer of aluminium storm windows and doors.

Marley is another British company which is generating an increasing share of its profits from overseas operations. Sales from abroad last year were £88.4m out of a total turnover of £251m. Chairman Mr. O. A. Aisher said in Marley's last annual report: "We are actively searching for new investment opportunities particularly in Europe and North and South America. In the not too distant future it is likely that Marley will be employing more capital abroad than at home."

Given the current decline in activity in the Middle East and Nigeria and the apparent virtual loss of an important market like Iran, competition to find new overseas business will increase. The Far East may be one market that British suppliers should be looking at. But the prospect of future rewards will have to be weighed against potential risks.

Andrew Taylor

Work in progress on a station for the Hong Kong Mass Transit Railway which, by the mid-1980s will be carrying an estimated 1.8m a day, or about 40 per cent of the population of Hong Kong and the New Territories

The U.S. economy on the eve of the Tokyo summit: By JUREK MARTIN in Washington

America on the edge of recession

Y senior White House not one of the economic makers, was waxing elo- at a pre-Tokyo summit last week on the consequences of the challenge confront- industrialised world. y fabric of western lifestyles and tradi- values were at stake, ed almost enthusiastic- ess the principal democ- buried their differences ved common policies to demand for conven- urces of energy and to alternative sources of

earlier, Mr. Michael nal, President Carter's Secretary, was putting erns in more cautious terminology. The 35 increase of oil prices —with the prospect of come when OPEC is week—did indeed possibility of a serious recession. But, he it was not an inevitable nce.

as the U.S. was con- he said, the application ing tight fiscal and policies, combined right public and pri- ponse to the energy could ensure that the avoided the worst of is—recession and con- igh inflation. A reces- other words, he said her here already nor nd the corner and the ired "soft landing" r years of exceptional expansion was still

, the Treasury Secre- taken to qualifying qualified predictions. forecasting, he noted ago, has become so able that "the tradi- ystal balls have been o ground glass." There are those in Washington who believe that Mr. Blumenthal, as he presides over the putting together of the Administration's mid-year economic review due out next month, has already privately shifted to a more pessimistic assessment of the future. Certainly, the consensus view among private economists is that even if, as some believe, the recession has not already arrived, when it comes it will be longer and deeper because of the energy problem. The trouble is, many now say, that an extended slump may not significantly reduce the current double digit rate of inflation.

The statistics, inevitably, are extremely confusing. A recession is said to have occurred if the economy records two successive quarters of contraction. In the first three months of this year, according to the latest revised figures, Gross National Product advanced in real terms by 0.8 per cent at an annual rate. This compared adversely with the late bloom of the final quarter of last year when GNP expanded sharply at an unsustainable annual rate of nearly 7 per cent.

Severe winter

There clearly were some extenuating circumstances in the first quarter, especially the severe winter. But when the April indicators came in—with huge drops of industrial production, housing starts, car sales, orders for durable goods, and the overall index of leading economic indicators, the writing seemed to be on the wall.

But, again, April was unduly influenced by special factors—the truck drivers' strike, a bunching of religious holidays, even statistical aberrations. Thus May produced something of a rebound—not enough to wipe out the losses of the previous month, but sufficient to induce some second thoughts. Industrial production rose again, as did housing starts and orders for durable goods. Unemployment held steady at 5.8 per cent, close to its four-year low.

Moreover, May also produced at least a small break in the inflationary spiral, as the expected decline of food costs held down the rise of the Wholesale Price Index to a modest 0.4 per cent. Business capital investment plans—foreshadowing more than 5 per cent expansion in real terms this

THE TOKYO ECONOMIC SUMMIT

year — were not unhealthy, though there is disagreement whether funding is going to finance industrial development or merely to roll over accounts receivable.

By and large, at least until quite recently, the dollar remained in good condition, relieving some of the inflationary burden as well as substantially contributing to the fact that the balance of payments on current account actually shifted into surplus for the first time in more than two years in the first quarter.

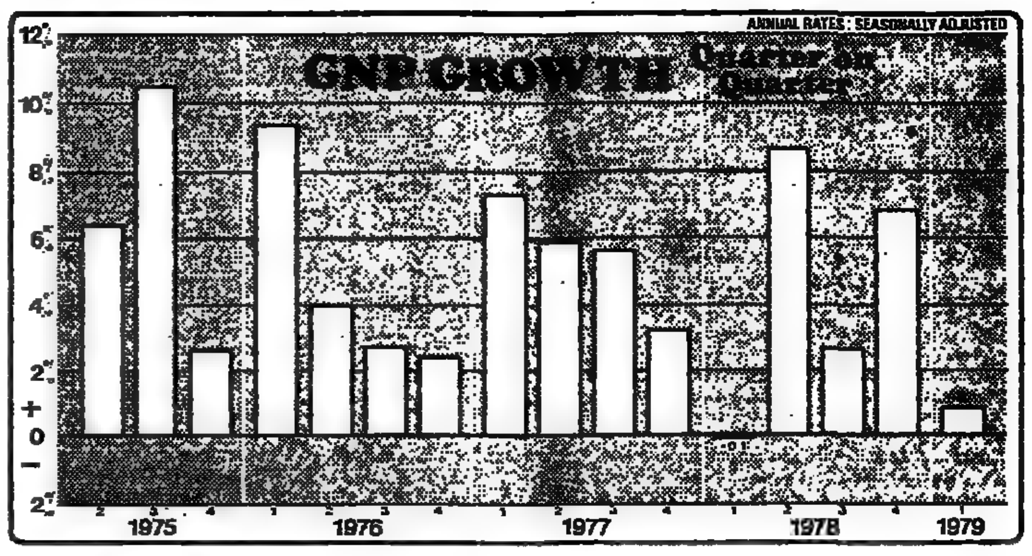
It is anybody's guess at this stage what all this means for second quarter growth. Official and private estimates range from anything between 2 per cent growth or 2 per cent contraction, with the latter school pointing insistently to the continued decline of car sales, or retail sales generally, and the lack so far of a notably successful exports drive. But Mr. Blumenthal was none the less emboldened to issue what might be described as a veiled hint—much more subtly delivered than in his celebrated and losing confrontation of earlier this year—that the Federal Reserve should not move to relax monetary policy.

There is, however, the nagging fear that the full impact of soaring energy costs and tight supplies on the economy has not yet fully been appreciated. Mr. Blumenthal estimated that the price increases for oil already put into effect this year could add at least 1 percentage point to the domestic inflation rate and knock at least 1 percentage point off growth this year and next. With the now outdated official predictions of January only holding out the prospect of a 2.5 per cent real expansion in 1979, the margin of error for avoiding a recession is patently perilously small.

It is very hard at this stage to quantify the further damage the economy is suffering because of the energy crunch. While the industrial sector seems so far to be avoiding the worst, already sluggish productivity is hardly going to be helped when much of the workforce spend hours in a queue at a filling station waiting to fill up their cars.

The services sector, travel, entertainment, and leisure in particular, have begun to feel the pinch. More generally, protests of special interests, be they the independent truckers, the farmers, or the taxi drivers, in pursuit of additional fuel allocations can only aggravate problems. So far, the U.S. has met its pledge to the International Energy Agency to cut consumption by 5 per cent mostly by involuntary means: it is by no means clear that the maintenance of such a regime, which may become more severe, over a protracted period can be easily managed.

The possibility of energy problems causing a downward lurch of economic fortunes poses some serious questions about the Carter Administration's abilities to control events. It is not necessary to repeat here the frustrations Mr. Carter has encounted in trying to raise the public awareness of energy problems and to get appropriate legislation through Congress. But it may be added that, for whatever reason, Congress seems to be having second thoughts about automatically dismembering whatever the President proposes. In the last month or so Capitol Hill has been buzzing with bills to promote alternative sources of energy supply. There even is talk of reintroducing a variant of the rationing authority which the House of Representatives denied the President in April.



Wage settlements

The outlook is perhaps less encouraging when considering Mr. Carter's anti-inflationary policies. A key element in the voluntary wage and price guidelines system—the use of Government procurements sanctions against violators—is being argued out in the courts. The Government lost the first round, but won the second last Friday. For all the Administration's protestations to the contrary, the guidelines themselves have clearly been broken in a number of major wage settlements, in particular the Teamsters, the United Airlines machinists and the Rubber Workers. The guidelines are bound to be tested to the hilt in the car industry negotiations this autumn, when economic difficulties could be further exacerbated by a major strike. Congress has thoroughly squashed the proposed "real wage insurance" scheme, a tax incentive in the guidelines package designed to induce moderation in those making wage claims.

Some of Mr. Carter's economic policy tools, therefore, are looking a bit blunt. Fortunately, the majority view in Congress at this stage does not dissent from the broad outlines of his fiscal programme, entailing a budget deficit of a bit under $30bn in the fiscal year beginning in October. Certainly eagerness for a balanced budget is under control in Congress. It is another question whether Congress will not want to cut taxes if the economy does start turning sour. Congressmen then may start looking for the sort of stimulative solutions that can further their own electorial chances next year.

The same question must be asked of Mr. Carter, an unannounced candidate for re-election. His public response so far has been clear: he has said incessantly that he will have no truck with mandatory wage and price controls, even if Congress gives him the authority to impose them, and even though every poll suggests that the public now feeling hard done by by the petrol crunch, believes them to be the fairest solution. He has also made it clear that he will not recommend a stimulative tax cut while inflation is still raging regardless of the political climate and the clamour for the alternative candidacy of Senator Edward Kennedy.

Backbone

If Mr. Carter's backbone in this regard required stiffening, which maybe it does not, then the force to do it these days indisputably is Mr. Blumenthal's. The Treasury secretary has had a roller coaster ride in Washington, but is now in the ascendancy, enshrined as head of the Economic Policy Group in Administration and as the the President's chief economic spokesman. He has admitted publicly that in 1977 economic policy, then tailored to the need to reduce unemployment, was unnecessarily expansive, thus spurring inflation.

He says he has no intention of making the same mistake again. Since the Administration now speaks much more with one economic voice—his—it is hard not to believe him. But Washington remains a sieve, and there are already mutterings emanating from the White House and Treasury that for economic, if not, it is said political reasons, a severe recession could change even Mr. Blumenthal's current opinion.

Thus when Mr. Carter makes his economic exposition to the six other heads of state in Tokyo, he will probably tell them little that they do not already know. The downturn in economic activity, whether or not it meets the official definition of a recession, is the most advertised that the U.S. has experienced in years. At least Mr. Carter has the painful consolation of knowing that in Tokyo most of his summit colleagues are in the same boat, facing the same problems.

Letters to the Editor

y English ase

. John Baker White

or some years now ible strikes have been in Europe as "The disease." Now we seem developing another not so much on the in the Boardroom.

has been the reaction dget, with its swingeing irect taxation, its plans e expenditure by the its invitation to free s to show some initia- collective moan. To comments in the daily one might imagine that one-clause Budget— 15 per cent—and no ting taxation reliefs. are the voices of the great companies wel- he Budget as a chal- greater endeavour? So ore than the noise of behind the skirting The Budget provides ties for British farm- does for other indus- from the National Union no lead, only a out higher costs. The of the Central Land- Association is in sharp sant contrast.

om the City of London, itadel of courage? A reduction in share ore moaning and flesh- As for MPs, who e giving a lead, they moaning about their As a former member of nons I feel ashamed at nduct. Has sacrifice a dirty word?

ng have we got to wait e captains of industry, and others who pride es as being leaders of erprise, stop moaning to match the courage, lty to look ahead, of first-ever woman Prime

ker White.
nd Place,
nd, Canterbury.

liamentary ountability

r. Ernest Cantle

Whilst Parliament de- e issues of introducing shadow committees of safeguard the interests d members control over servants and their de- ts, it seems that both have forgotten recom- ons to improve the ibility of Parliament to ple.

use of Commons Select tee on Procedure recom- that congressional style s should be held in Both the Conservative our parties agreed with commendation.

attempt to demonstrate lue of such hearings Gould and Peter Bottom- anised a congressional aring on the 1979 Hous- Statements were sub- by 21 interested organis- nd it was intended that ganisation would intro- ese with an oral presen- o a panel of back-bench aking evidence on the ousing Bill at three pub- rings. organisations invited in- consumer groups, house- s, professional institutes al authority associations. After presenting their statements they would have been cross-examined by the panel of MPs representing the major political parties.

The organisers had hoped that the hearings would have improved the Housing Bill and struck a blow for open Government.

Because of the change of Government these hearings did not take place but the presentations were submitted and collated in preparation for the hearings and have now been published by the Housing Centre Trust. I understand that each elected member of the present Parliament has received a copy. The substance of these submissions demonstrates the potential value of the concept and Bryan Gould and Peter Bottomley are to be congratulated on their attempt to improve the dialogue between the people and Parliament.

We would hope this initiative will not be forgotten by Parliament especially now whilst the principles of accountability are being discussed.

E. T. Cantle.
National Home Improvement Council,
36, Store Street, WC1.

Water down the drain

From Mr. A. J. Hampshire

Sir,—The Prime Minister has announced that her administration will take early action to ensure that local government bodies learn to operate without waste, and to eliminate all unnecessary expenditure. Ratepayers will applaud this intention. They believe, as does Mrs. Thatcher, that local authorities often spend money extravagantly and carelessly. They are also convinced that other rate-levying authorities are worse, and this is even more worrying because while local authorities are subject to the disciplines of the ballot box and the official scrutiny which the Government has announced its intention to improve, these other bodies, in particular the area Water Authorities, are not truly subject to either. The result, as investigations by this association and others reveal, is that ratepayers have to pay more than they should for services which these national monopolies could provide more efficiently if they were forced to do so.

We therefore call upon the Government to add the area Water Authorities to the list of bodies whose activities are regularly scrutinized by government inspectors, to ensure not simply that their actions are strictly legal, but that their stewardship is efficient.

A. J. Hampshire,
Reading Ratepayers' Association.
57 Parkside Road,
Reading, Berks.

Comparative crash costs

From the Director-General, British Safety Council

Sir,—Whilst I am sure it may not have influenced anybody it is nevertheless a fact that the damages in a product liability claim say following a DC-10 crash caused by a defective design would be twenty times higher in California than in Europe, where damages are limited by the Warsaw Convention.

James Tye.
National Safety Centre,
Chancellor's Road, W.6.

Compensation from Giro

From Mr. Alan Reynolds.

Sir,—In the exchanges in your columns about the adequacy of the Post Office's two Codes of Practice, no mention seems to have been made of the complete omission from these Codes of one PO service, viz the National Giro service. Customers using this service also can suffer financial loss.

The great advantage of the National Giro service is that the payer can give or send a payment instruction to the Giro Centre on one day and the payee can have that money in his account on the following day. Indeed, this is what usually happens. However, if the Giro Centre is slow or makes a mistake in carrying out that instruction, the payer may find that the money has reached the payee's account too late to meet a deadline and that he, the payer, has been charged interest he expected to avoid. Alternatively, the payer may be making a payment which attracts interest from the payee, e.g. savings with a building society. Payment delayed by the Giro Centre will then cause the payer to lose interest he might have expected to earn.

Four of our members, who this year have suffered such delays, have successfully secured compensation from National Giro. But the availability of compensation is covered neither by the conditions of the Giro service nor by a code of practice. Ought it not to be, so that all users can know of and benefit from it?

Alan Reynolds.
Croydon Giro Users Group,
40, Leyburn Gardens, Croydon.

Definition of money supply

From the Vice-Chairman, Greater London Young Conservatives

Sir,—In your leader of June 21 entitled "The Old Lady's old methods," you welcome the Bank's contribution to the debate on monetary policy in the latest Bank of England Quarterly Bulletin. However, you continue to ignore one of the most important aspects in the debate, namely, the correct definition of money.

Among others, I have expressed in your letters column concern about the correct definition of money and the opinion that M1 and M3 are indicators of the velocity of circulation, the circulation of interbank deposits and the creation of credit, not definitions of money itself.

It is refreshing to see in the Bulletin a recommendation by three members of the Bank's Economic Intelligence Department that direct control of the monetary base, the notes and coins held by banks and bankers' balances at the Bank of England, might prove more effective than attempts to control M3.

In the final analysis, it is the Government, through the Currency and Bank Notes Act of 1954, which ultimately determines the size of the fiduciary issue, the notes in issue, on which the whole of the UK banking and credit structure is based.

Statutory control of the fiduciary issue would force the Government to manage its budget, and thus the PSBR, within market forces. The option literally to print money, which the Government currently enjoys, allows it to fund its expenditure without recourse to either the taxpayer or the money markets.

Through your columns I call on Sir Geoffrey Howe to introduce a new Currency and Bank Notes Bill which limits any further growth in the fiduciary issue to the growth in the nation's economy.

Charles Smedley.
25 Bolton Gardens,
SW5.

Real petrol economies

From Mr. C. J. Carter.

Sir,—Some 20 years or so ago, in Sweden, I was driven in a SAAB car having an experimental "gallons-per-mile" indicator. Such an instrument would probably do more to reduce petrol consumption than would a reduction in the legal maximum speed.

It would undoubtedly do so in my own case. I am sure that I should keep a constant watch on such an indicator whereas I am very doubtful of the value of a reduction in the speed limit in economising in fuel consumption. I maintain a detailed record of my petrol consumption and when Mrs. Castle introduced a 50 mph speed limit I was able to compare the consumption (driving a Rover 2000 automatic) driving to this limit with the figure driving to a speed limit of 70 mph. There was no difference. In fact, such slight, but insignificant, difference as there was was the wrong way round. I used marginally more fuel when driving to the lower speed limit.

Is not the most economical cruising speed likely to be a function of engine size and of the power-to-weight ratio of the car?

C. J. Carter.
7, Turner's Wood Drive,
London Road,
Chalfont St. Giles, Bucks.

Reality and the RPI

From Mr. Graham Thompson.

Sir,—The recent Budget transferred a substantial element of taxation from taxes on income to taxes on expenditure. This transfer has, however, only had a marginal effect on the purchasing power of the population in general. Unfortunately while taxes on spending, such as VAT, are included in the Retail Price Index, the taxes on income are not. The transfer will, therefore, add between 3½ and 4 per cent to the Retail Price Index without having any significant effect on the standard of living.

The effect of this on pensions has already been noted. This, however, is minor compared with the confusion and damage that could be caused in the wages negotiations this coming autumn. I hope that the Central Statistical Office can be persuaded to clear up this confusion by publishing an official figure giving the increase in spending power for a typical family (the sort on which the Retail Price Index is based). This would restore some reality to the Retail Price Index and set the forthcoming wage negotiations in a more rational context.

Graham Thompson.
158, Pennsylvania Road,
Exeter, Devon.

Point-of-sale payments

From Mr. Roger Cox

Sir,—Mr. Edmund Bruce-Barker's well-informed article (June 18) on the "upheaval" in cash register design and marketing made one significant omission. Although he rightly pointed out the transformation of the "till" into the point-of-sale terminal which is now an integral part of the retail management information system, he seems to have forgotten the recent developments in POS terminal design to incorporate Electronic Funds Transfer Systems.

There are, of course, several types of EFTS: the biggest impact will come in retail when the customer has her bank current account immediately debited at the point of sale. There are plans in Britain for a payment system linking all banks together and using a standard terminal, while in the U.S.—birthplace of the cash register—there are already serious operating point-of-sale funds transfer systems.

Roger Cox,
30 London Road,
Westerham,
Kent.

Rights issues

From Mr. P. G. C. Fletcher

Sir,—It seems to me that Dr. Paul Marsh (June 15) misses the point of Lex's article (June 9) on Rights Issues.

The investor is becoming chary of rights issues since the industrial climate is such that it may take a long time before any benefit comes through to the ex-rights share price. Companies seem unable to make realistic forecasts of profits on which to base their rights issues and discounts are therefore often unattractive. Rights issues are usually made at the top of a company's profit cycle which is when most investors should consider reducing their stake anyway, particularly as new investment takes such a time to become profitable these days. It was this incompatibility between the interests of the company and the shareholder as an investor which Lex so ably illustrated and which deserves greater study.

I wonder whether Dr. Marsh would agree that the investor should seek growth by buying into a company when its profits are low and ripe for recovery, rather than when it is seeking to exploit markets further with newly raised money. Perhaps companies should have greater confidence in their shareholders and go to them for further funds when profits are actually low, but the outlook is good; this would at least align the interests of both.

P. G. C. Fletcher.
Driftways,
5, Davenport Road,
Felpham,
Bognor Regis.

Today's Events

GENERAL

UK: Confederation of Shipbuilding and Engineering Unions conference opens, Llandudno (until June 29).

Insurance aspects of offshore oil and gas, two-day conference, speakers include Mr. K. D. Duffy, Commercial Union Risk Management chairman, London.

Overseas: Organisation of Petroleum Exporting Countries meets in Geneva.

Mrs. Margaret Thatcher flies to Tokyo for world economic summit (June 28-29).

OFFICIAL STATISTICS

Unemployment and unfilled vacancies (June, provisional).

PARLIAMENTARY BUSINESS

House of Commons: Motions on Wales Act 1978 (Repeal) Order and on Welsh Select Committee. Motion on Iron Casting Industry (Scientific Research Levy) Amendment Order. At 7 pm, opposed private business.

House of Lords: Army, Air Force and Naval Discipline Acts (Continuation) Order.

COMPANY RESULTS

Final dividends: Avana Group. BAT Industries. Durapipe International. Equity Consort Investment Trust. Evans of Leeds. Giltspur. Halma. LCP Holdings. Property Holding and Investment Trust. Somic. Interim dividends: Bond Street Fabrics. Countryside Properties. Derby Trust. First National Finance Corporation. Greenfields Leisure. Trident Television. Interim figures: Dhamm Holdings.

COMPANY MEETINGS

See Company News on page 22.

Recovery trend continues at Elliott Peterborough

THE RECOVERY at Elliott Group of Peterborough, begun in the first half, continued in the second six months and the year to March 31, 1979, finished with pre-tax profits of £813,000 compared with a loss of £220,000 last time.

Mr. A. W. Houston, chairman of the manufacturer of relocatable buildings, furniture and joinery says the company starts the current year with a healthy order book, and the Board looks forward to further progress.

The Board is actively pursuing new product and marketing policies so the company will be well placed to assign its resources towards the needs of the 1980s.

At the halfway stage, there was a turnround from a £248,000 loss to a profit of £405,000.

Turnover for the year rose from £16m to £16.58m. Net profit came through at £513,000 compared with £69,000 previously.

The net final dividend of 0.75p lifts the total to 1p (0.25p). Stated earnings per 10p share are higher at 4.01p, against 0.52p. Assets per share are given as 44.75p (44.33p).

The directors have concentrated on strengthening the group's traditional activities and on disposing of assets to reduce borrowings, which were down from £5.07m to £4.46m. Wharf management was not in the mainstream of activities and, in January, 1979, an offer was accepted for Medway Wharfingers, which reduced borrowings by nearly £600,000.

The group has sold its former headquarters, St. Peter's House, and contracts have been exchanged since the year end for the sale of the Nesco Aycliffe factory for £500,000. These and other disposals have realised £1.5m.

In the building division, Elliotts of Peterborough had a successful year, meeting the demand from Government and industry against strong competition. Last year's reorganisation benefited Medway Building Group, which performed well.

Nesco Furnishing International has gained new customers; plans are in hand to move production to other group premises in the area. Several useful contracts were won by Elliott-Medway Construction (Scotland), including the accommodation block for the Torness nuclear power station.

The position of the joinery division has been consolidated against declining trends for the industry as a whole. Sharp Bros. and Knight improved its penetration into the standard window market, as well as seeking opportunities overseas.

Strathclyde Sawmills maintained its level of business and gained new customers, despite the slowdown of business in the first quarter of 1979.

Of the overseas division, the directors say work in progress in the group accounts includes £148,000 for 11 boys' schools and £575,000 for kindergartens in Saudi Arabia. Final settlement, including retentions, will fall due for payment in the current year.

Fixed assets were lower at £4.26m, against £5.42m, while net working capital increased from £1.29m to £2.45m.

● comment

Elliott Group is gradually pulling itself together after the self-inflicted wounds of the past couple of years, and the pre-tax profit is not disappointing, even *if the return on capital* employed still falls well short of the 25 per cent for which the company is aiming. The programme of asset disposals continuing into the current year should help take debt to less than 60 per cent of shareholders' *funds unless there is unusually* high stockbuilding. The healthy order book, to which the group refers, is not the surest of guides to future trading as it covers such a short period, but Elliott is hoping that its relocatable buildings are cheap enough to withstand or even benefit from local authority spending cuts. The increased dividend gives the shares, up 2p at 28p, a yield of 5.2 per cent, while the SSAP 15 p/e is 6.8. But the discount to net worth is still considerable, and a bid would not be surprising, and not necessarily unwelcome.

INDEX TO COMPANY HIGHLIGHTS

Melody Mills hits record £826,000

TAXABLE profits of Melody Mills, wallpaper manufacturer, expanded from £506,908 to a record £825,533 in the year to March 31, 1979, on increased turnover of £9.93m, against £7.97m.

The directors say sales in the first quarter of the current year have been maintained at satisfactory levels.

At the halfway stage, the surplus was up from £165,000 to £310,000.

The net dividend for the year is hoisted from 3.243p to 6p. A one-for-one scrip issue is also proposed, together with a share placing to raise some £440,000 net of expenses.

After tax of £428,000 (£276,361), stated earnings are higher at 22.9p compared with 13.9p.

Vectis Stone up halfway

DESPITE DIFFICULTIES in the second quarter, taxable profits at Vectis Stone Group, the building services and fuel distribution concern, were ahead from £205,406 to £250,086 for the half year to March 31, 1979.

Mr. J. A. K. Collins, the chairman, says these results must be "considered satisfactory" in the light of the difficulties affecting the group's activities in the building and construction industry, which account for 80 per cent of total profits.

Following a very good first quarter, the hard winter and the lorry drivers' dispute retarded second quarter progress in this group sector, and turnover for the half year was only marginally higher at £1.24m (£1.23m).

Higher demand for heating oil during the cold weather led to increased profitability in the group's fuel distribution division, where operating remuneration rose from £291,168 to £491,479, on sales of £7.41m (£5.72m)—a full six-months contribution from Swansea-based Celtic Oil Supplies, acquired December 1977, has been included.

On full year prospects, Mr. Collins says that despite continuing poor weather and the problems facing the oil industry, he expects profits to exceed the record £539,147 of 1977-78.

The net interim dividend is effectively lifted from 0.35p to *0.5p from earnings* per 10p share of 1.15p (0.91p). Following dividend restraint removal, the Board intends to increase the net total by 50 per cent, subject to trading results for the year reaching anticipated levels—last year, payments totalled an equivalent 0.8285p.

After tax of £130,400 (£110,750) half-yearly net profits improved from £94,656 to £119,686. The interim dividend absorbs £51,726 (£36,208).

Kenning Motor better than expected midway

DESPITE strikes and severe weather, pre-tax profit of Kenning Motor Group fell only marginally from £2.75m to a better-than-expected £2.71m in the first half to March 31, 1979.

Turnover rose from £105.97m to £114.39m.

After estimated tax marginally lower at £730,000 against £740,000, net profit was £1.98m compared with £2.01m.

A maintained interim dividend of 1.75p net per 25p share is declared. Earnings per share are shown to be down from 7.4p to 6.3p basic, from 6.8p to 6.2p fully diluted and from 4.6p to 4.0p fully taxed.

In the year to September 30, 1978, a record pre-tax profit of £8.27m was achieved on turnover of £215.06m and a total net *dividend of 4.63p was paid.*

The petrol tanker drivers' strike, the road haulage strike and the unusually severe weather last winter particularly affected profits from motor depots where margins suffered from severe price cutting, says *Mr. G. Kenning, chairman.*

He comments that the results demonstrate that the group is diversified and does not depend entirely on vehicle sales for its profits.

It is difficult to predict the future. Price cutting is still rife on car sales while car hire looks promising and other parts of the business are performing well.

Restrictions on capital allowances for leasing should benefit the group as it has never traded using such allowances *in* its calculations, the chairman says.

Turnover of the subsidiary Kennings Estates for the first half *amounted* to £687,000 (£691,000) and pre-tax profit was £758,000 against £631,000.

● comment

Kenning's second quarter was not as bad as the market expected. Price cutting on new car sales plus tight margins on tyres meant that profit contributions from these two sectors were down. Contract hire profits were also less than last year but here the problem was the lack of supply *of new cars*, which meant that people wishing to renew contracts were forced to wait until deliveries could be obtained. The major factor in the result, was the profits from the car hire activities. These were well up on last year's first half and underpinned the overall group figure. The share price was unchanged at 66½p despite the unexpected decision not to raise the interim dividend. This does not necessarily reflect full year policy so, assuming an increase of 10 per cent at the gross level, the prospective yield is an attractive 11.7 per cent. Although motor distributors are unfashionable investments at the moment, Kenning with its spread of operations and the prospective dividend is worth watching.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
James Cropper	1.5	Aug. 10	1	2.5	1.5
Elliott Peterboro'	0.75	—	0.25	1	0.25
A. Holden	2.5	—	2.25	4	3.25
J. & H. B. Jackson ...int.	0.85	Aug. 14	0.5	—	1.01
Kenning Motor ...int.	1.75	Oct. 1	1.75	—	4.63
Kleen-e-ze	3.63	Aug. 24	3.45	4.5	4.32
Marshalls (Halifax)	6	Oct. 1	4.85	7.5	5.84
Melody Mills	6	Aug. 21	3.24	6	3.24
News Intnl. ...int.	3	Nov. 2	2.23*	—	4.97*
Northern Goldsmiths	1.53	Aug. 9	1.24	2.38	2.09
R. Paterson	2.34	Aug. 24	1.51	3.38	2.55
Renwick	2	Oct. 2	1	3	1
Vectis Stone ...int.	0.5	Aug. 10	0.35*	—	0.83*
Walker & Staff	0.68	—	0.57	0.68	0.57
Whitecroft	5.2	—	4.5‡	7.7	6.7‡
Wilson Bros.	1.1	Oct. 2	0.76	1.8	1.41

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Adjusted—shares were previously 50p.

Renwick trebles its dividend as profits advance by 50%

THE DIRECTORS of Renwick Group report taxable profits up *50 per cent to a record £1.57m* for the year ended March 31, 1979, against a previous £1.04m, on turnover ahead nearly £10m to £55.4m.

A final dividend of 2p net lifts the total to 3p per 25p share compared with a single 1p payment *last* time.

At halfway profits had risen from £696,000 to £967,000 and a satisfactory outturn for the full year was expected.

The directors now say that experience so far in the current year has been reasonably satisfactory, but they feel it is too soon to be other than cautious in viewing the future.

Earnings per 25p share before extraordinary items are shown as 30.1p (12.7p) before tax, and 14.2p (9p) fully diluted. After tax, £237,000 against £115,000, they are given as 18.3p (13.1p) and 12.4p (8.7p) fully diluted.

Mr. Clifford Wilton, chairman, says the cost of the road haulage strike and the severe winter had been more than £500,000 in profits. Hardest hit was the *freight side — these problems* costing some £400,000 — which ended the year with losses of £700,000, similar to the previous year.

He adds that this side of the group is now running "round about breakeven."

The motor division's profits were up by 100 per cent for the year; travel increased by 47 per cent, and manufacturing expanded by 20 per cent.

Mr. Wilton says the group is in a much stronger financial position, and that trading is in advance, so far, of last year.

● comment

But for the lorry drivers' strike and the winter weather, Renwick's freight division, which has been trimmed to a third of its original size, might have cut its full-year losses by £400,000. In the event, the division's deficit was £700,000—a figure similar to the previous year—including £200,000 of losses from Walter Hatton in the course of closure. In spite of this, group profits jumped by 50 per cent, *and the shares rose* 4p to 50p where the historic p/e is almost 4 on a low tax charge and the yield just under 9 per cent. The results also reflect a much healthier balance sheet; the improved cash flow has helped reduce net borrowings to around 60 per cent of shareholders' funds, compared with 170 per cent two years ago. The *trading improvement has* been led by the manufacturing and motor divisions—in the former, both boat building and vehicle conversions, especially buses, have been buoyant while continuing market penetration of Chrysler and VW products resulted in a *sales volume gain* of roughly a quarter. The holidays division has improved in line with the travel trade with Western Fuel benefiting from the severe winter conditions. Current prospects are good although it is still too early to make any predictions.

R. Paterson ends year lower at £780,000

PROFITS BEFORE tax of R. Paterson and Sons improved from £437,000 to £598,000 in the second six months, but the company finished the 53 weeks ended March 31, 1979, lower at £780,000 compared with £1,021,000. Turnover was unchanged at £16.57m.

When reporting reduced half-year profits, the directors said they were reasonably confident that full-year results, although not reaching the previous year's record, would be satisfactory.

They now say that in recent years there has been a tendency for the first half of the year to be less buoyant than the second six months, because of the seasonal aspect of certain of the company's major products. Indications are that this cycle is likely to continue in the current year.

The group's activities include the manufacture and distribution of coffee and chicory essence and other food products.

The 1978-79 pre-tax result included an increased contribution of £327,000 (£241,000) from associates, but was struck after higher interest of £322,000 (£259,000). Tax takes £390,000 (£566,000).

A net final dividend of 2.3375p raises the total payout from 2.5475p to 3.375p per 25p share.

The conditions necessary for the issue of 1.2m new ordinary shares to former shareholders of Jenks Brothers under the acquisition minute of agreement have been satisfied and these additional shares will fall to be issued immediately following the AGM.

HARGREAVES

In its £4m rights offer document Hargreaves Group is forecasting a dividend total of 3.951p net for the current year ending March 31, 1980, and not 2.142p as reported last Saturday.

A. Holden improves to £1.82m for year

AFTER THE rise in midway profits from £0.98m to £1.03m, Arthur Holden and Sons finished the March 31, 1979, year with taxable surplus ahead at £1.82m compared with £1.67m. Turnover of the group, which makes lacquers, coatings, varnishes, etc., improved by £2.17m to £17.59m.

For the first quarter of the current year, the directors report normal and satisfactory trading conditions and results for all sections of the group.

Full-year earnings per 25p share were up from 12.61p to 14.33p including 1.93p permanent stock relief, while the dividend total is raised to 4p (3.25p) net with a 2.5p final.

After tax of £807,000 *(£855,000)*, minorities and an extraordinary credit of £101,000 last time, attributable profits rose from £908,00 to £1.01m.

J. & H. B. Jackson progress

FOR THE first half year ended March 31, 1979, *turnover* of J. and H. B. Jackson increased from £11.8m to £13.4m and pre-tax profits were higher at £1.52m against £1.2m in the same period last year.

Tax takes £789,000 against £623,000 giving earnings per *share of 3.02p compared* with 2.38p. The net interim dividend is stepped up *from* 0.5p to 0.65p—last year's total was 1.0133375p from record pre-tax profits of £2.29m.

Trading profits for the first half were £1.53m against £1.21m *before deducting stock interest* of £13,000 (£14,000). In addition, profits of £285,000 have been realised in the year to date, on sales of quoted investments. A total of £489,000 was realised in the last full year.

The Coventry-based group trades as an iron, steel and non-ferrous merchant.

Wilson Bros. turns in £1.02m

WITH second-half profits slipping from £600,916 to £458,685, Wilson Bros. finished the year to March 31, 1979, with the taxable surplus little changed at £1.02m, against £1.09m.

At midway, the surplus was up from £486,029 to £562,276.

Turnover for the year reached £13.44m (£12.51m). After tax of £236,239 (£374,107), stated earnings per 20p share are higher at 6.81p (6.19p). The net final dividend of 1.1p lifts the total to 1.8p (1.414p).

James Cropper well ahead

FOLLOWING THE jump from £38,270 to £242,689 in the first half, James Cropper and Co., paper maker, finished the year to March 31, 1979 with pre-tax profits of £575,952 compared with £380,344 previously.

Turnover for 1978-79 increased from £9.55m to £10.9m. Profit is after interest of £190,028 against £155,671.

A final dividend of 1.5p per 25p share is recommended, lifting the total from 1.5p to 2.5p.

Marshalls (Halifax) increases 23% to finish at £2.67m

AS FORESHADOWED at midway, Marshalls (Halifax), the concrete products, rock drilling *and handling equipment group*, reports a tenth successive year of profits growth. On sales 19 per cent higher at £27.02m, pre-tax surplus increased 23 per cent from £2.16m to £2.67m for the year ended March 31, 1979.

Mr. David Marshall, the chairman, says "this welcome improvement in average margins was achieved in spite of the harshest winter in many years and especially tough trading conditions in the engineering division.

"Trading in the current year is satisfactory and we face the future with confidence and a determination to succeed," he adds.

First-half profits were up from £1.07m to £1.31m and the chairman then forecast that the full year figure would exceed that for the previous year.

The dividend total is lifted by 28 per cent, with a final of 6p bringing the net total to 7.5p (5.84p) per 25p share, from stated earnings of 36.41p (34.28p). Mr. Marshall says the proposed dividend more closely represents the company's earning capacity.

● comment

Despite a thin winter, which saw second half pre-tax profits rising by less than three per cent, Marshalls (Halifax) has again produced record results. Earnings from Halifax Tool were lower but the concrete division profited from the strength of the home improvement market and it is here that the group is looking for growth. The bid interest in Wettern Brothers has *now gone off* the boil but, with gearing down to 33 per cent, the balance-sheet permits an acquisitive stance. Capital spending could total around £3m this year, compared with £2¼m in 1978/79, so a low tax charge should be maintained. This *year's dividend hike will reduce* cover to 2.6 on a fully-taxed basis, a level which the company regards as satisfactory. Even taking into account the unspectacular dividend prospects, the stated p/e of 4.3—on a share price of 162p—looks a *little* modest. Almost half of engineering manufacture is bound for export, and this may help to explain the caution. The yield of 7.1 per cent provides good support to the rating.

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BIDS AND DEALS

Howden U.S. venture

N MOORE

r Howden Group, the ice concern with large London insurance terests, is forming a rwriting management ith Fred S. James, the est insurance quoted roker in the U.S.

The new company is to participate in the newly emerging New York Insurance Exchange, the U.S.'s answer to Lloyd's of London.

Howden is the second major UK broker to express a positive interest in the New York exchange. The first was Willis Faber, which announced earlier this year that it was to participate in the new exchange with Johnson and Higgins.

The new Howden-James venture is to be conducted through a joint company, owned equally by Howden and James.

The new company, to be located in New York will, according to Howden, "provide a broad range of underwriting management services both independent of and in conjunction with the proposed New York insurance exchange. It will be operated independently of Howden's and James' brokerage operations and will accept risks from all insurance and reinsurance brokers."

James recently broke off its five-year-old equity ties with Minet Holdings, another major insurance broking concern, and there has been wide speculation about which UK insurance broker it would forge new links with.

Howden said yesterday that the announced arrangements will be confined to the proposed underwriting management company in the U.S. and both Howdens and James will be independent in all other respects.

ELSWICK-HOPPER

To meet the long-term expected increase in the cycle market and to boost exports, Elswick-Hopper is to merge its subsidiaries, Elswick-Hopper Cycles and Falcon Cycles.

The new company will be called Elswick Falcon and will formally come into being next February.

Wellman rejects Redman offer

BY JAMES BARTHOLOMEW

THE BOARD of Wellman Engineering immediately and forcibly rejected a take-over bid valuing the group at £7.3m launched by Redman Heenan International yesterday. Redman has had a stake of 17.6 per cent since March this year.

The terms of 65p cash per share were "opportunistic and inadequate" said the Wellman directors yesterday. And although profits for 1978-79 were down, the following year would show a "substantial improvement." The directors claim the offer takes no account of the contribution expected from the acquisition of the Industrial Heating Department of the General Electric Company of the U.S.

Redman's offer is conditional on Wellman not proceeding with this acquisition. Redman claims that the deal might be all right in itself but it would double the size of Wellman's business and Redman cannot know enough about the General Electric department from the outside to take a risk.

Redman wants Wellman because of its complementary product lines and the possibilities of sharing technology and salesmen, said Mr. J. M. Mason, group financial director, yesterday.

Mr. Mason agreed that one reason Redman opposed Wellman's deal with General Electric was that it would transform a cash-rich company (£2.6m in the latest accounts) into one with substantial borrowings. But he insisted this was only one factor among many that were more important. He said that Wellman already had licences to make products of the General Electric Department in question and "it is a somewhat unusual move to buy your licensor."

Mr. Anthony Dockerty, group secretary of Wellman, described Redman's claims of industrial logic in buying Wellman as "absolute rubbish." Wellman had looked at Redman since it took its stake earlier this year, he said. It had discovered that in the year to September, 1977, £400,000 of the £2.5m pre-tax profit came from Temporary Employment Subsidy.

Redman was "not as strong a ship as they try to make out," he said, and he thought Redman was trying to broaden its base. From a technical point of view there was no advantage to be gained from a merger. A spokesman for Redman riposted that such arguments were irrelevant as the bid was for cash and the credibility of Redman therefore did not arise.

The two sides are likely to have to confront each other in open argument when Wellman has its EGM at which shareholders will be asked to approve the proposed American acquisition. Mr. Docherty said yesterday that the date for this meeting would be announced soon.

Wellman's shares ended the day 7p above the offer at 72p, up 17p on the day. Redman's shares were unchanged at 85p.

BTR reaffirms intention to mount £26m Bestobell offer

BTR, the rubber, plastics and engineering group, is pressing ahead with its plan to bid £26m for Bestobell, the fluid engineering and insulation concern headed by Mr. Sandy Marshall.

Earlier this month, Mr. Marshall, formerly managing director of P & O, rejected takeover approaches from BTR claiming there would be no commercial advantages for Bestobell in a merger.

Yesterday, however, BTR reaffirmed its intention to make a bid of 200p for each Bestobell share and at the same time promised to recommend total net dividends for 1979 of 10p per BTR share, a 37 per cent increase on the equivalent 7.3p paid last year. The company, however, declined to say whether the offer would be made in shares or cash, or both.

BTR also revealed that unaudited pre-tax profits for the four months to the end of April this year were 35 per cent higher than in the equivalent four-month period.

Writing to Bestobell shareholders, Mr. David Nicolson, BTR's chairman, and Mr. Owen Green, managing director, say they were astonished by Mr. Marshall's assertion that the "apparent similarities" between the two groups are "superficial."

"In more than 50 individual BTR operations and in no less than 19 countries there is obvious continuity in varying depths," they maintain.

The letter contrasts Mr. Marshall's "unquantified aspirations and expectations" with BTR's "achievement." "We believe a similar achievement could be attained by Bestobell if it were to become part of the BTR operation and to adopt its business philosophies."

A spokesman for Bestobell said the directors would be considering the latest development today but he did not think there was anything in the letter which would make them alter their position.

Bestobell's share price finished 5p higher at 203p last night but BTR shares slipped 3p to 304p.

FERRANTI

Ferranti is acquiring from De La Rue the Crosfield facility for the installation, servicing and refurbishing of the Ferranti Autocourt system, for an undisclosed sum.

Autocourt is an electronic fuel pump and forecourt system used by petrol filling stations.

Thermo-Skyships issue details

The money being raised by Thermo-Skyships will be needed in two parts. Initially around £1.9m will be required to complete the design stage leading up to the building of a prototype. A further £4.5m will take the aircraft to the point where a certificate of Airworthiness is received. The first phase should be completed within a year and the second by mid-1982.

Thermo-Skyships recently acquired Mercantile Airship Transportation (MAST) which has been working on the development of airships for the past five years. MAST, and more recently Thermo-Skyships, has been financed by private individuals, who own deferred capital, and European Ferries which owns 90,000 ordinary shares and has also loaned money which will be repaid by this issue.

The issue consists of 560,000 £1 ordinary shares, 2,925,000 12 per cent Cumulative Redeemable Participating £1 Preference shares 1984-95 and £2,925,000 of 15 per cent Unsecured Loan stock 1986-89.

The issue is being made in packages of two ordinary shares, nine preference shares and £9 of loan stock—all 30 per cent paid on application. The balance is payable on call at the end of the first development phase, following approval of the shareholders in general meeting.

Minimum subscription for the issue is 50 units—100 ordinary, 450 preference and £450 of loan stock.

The ordinary rank parri passu with the deferred as regards dividend.

The preference do not rank for dividend until 1984 when they are entitled to the 12 per cent plus a quarter of the residual available profits.

The formula for redemption is that the company can redeem in 1984 at 160p, rising by 15p a year to 220p in 1988. They are finally redeemable in 1995 at 220p.

Interest on the loan stock will be rolled up until 1983. It is redeemable at £120 per cent between 1986 and 1989. One quarter of the accumulated interest will be paid in the four years after 1983.

European Ferries will subscribe for between 35 and 60 per cent of the issue, depending on demand from the public, and will take conditional options over the first six aircraft.

The issue is not underwritten and initially a Stock Exchange quote is not being sought. Stockbrokers are Laing and Cruickshank and R. L. Scott.

Reed confident: plans further consolidation

The aim at Reed International is to use the next 12 months to consolidate further the group's position, in order to establish an even sounder base from which to pay increased dividends in future, Mr. A. A. Jarratt, the chairman, says in his annual report.

It is still important that gearing be reduced and that currency exposure caused by mis-matched assets and liabilities be eliminated. "We are confident that these objectives can be met," Mr. Jarratt says.

The keys lie in successfully completing the group's restructuring and continuing to improve the earnings base in current cost rather than historical accounting terms.

Directors have authorised a higher level of capital expenditure in businesses that have been inadequately invested in in the past—major examples are the re-equipment of the packaging activities, modernisation of the printing factories and a continued high rate of investment in waste paper recycling.

The chairman says a further increase in capital expenditure is planned for the current year, but the group will be spending less than depreciation in current cost terms.

The Board considers that, taking account of available cash resources and short-term investments and existing loan and bank overdraft facilities, the group will have sufficient working capital for their present requirements.

Directors are of the opinion that the market value of land and buildings is materially in excess of book amount. For current cost accounting the valuation, of which 87 per cent was derived from professional valuations over the last three years, was £201m compared with the book amount of £92m.

By the year-end, net short-term borrowings of £7m had been replaced by cash holdings of £85m of which £58m was in overseas currencies. Shareholders' funds increased from £355m to £434m while net debt fell from £384m to £226m.

The report also reveals that proceedings have recently been commenced against two U.S. subsidiaries naming them as defendants in claims for damages incurred in connection with the death and injury of persons as a result of a fire at premises in the State of Kentucky where goods alleged to have been supplied by such subsidiaries may have been installed.

It is believed that proceedings arising out of the same events have been issued against some 1,100 other defendants and that the total amounts claimed against all such defendants collectively is in excess of U.S.$2bn.

Proceedings have also been started in the U.S. against the company and two of its subsidiaries claiming $5m. On the basis of legal advice, the company is of the opinion that it and its subsidiaries have a good defence and they have accordingly denied liability.

Actions instituted in 1970, against certain Canadian subsidiaries, for alleged pollution of certain lakes and rivers in N.W Ontario in the aggregate amount of some £868,000 are being contested in the courts.

During 1978, a writ of summons was issued against certain Canadian subsidiaries on behalf of numerous plaintiffs claiming damages resulting from alleged pollution in North-western Ontario. The plaintiffs have not yet filed a statement of claim, and it not possible to estimate the ultimate liability, if any, which may arise should the matter proceed.

Meeting, Savoy Place, W.C., August 2, at noon.

MINING NEWS

Sibeka goes back to Western Australia

BY PAUL CHEESERIGHT

SIBEKA, the Belgian diamond group, is re-entering the Western Australian diamond exploration race only seven months after withdrawing. Last December it sold its 7 per cent stake in the Ashton venture, which had already found diamonds.

Its chosen vehicle is a joint venture with Swan Resources of Perth to undertake greenfields exploration at an unspecified location. But in an odd twist to normal practice it will be Swan Resources, the junior company, which manages the project.

Swan Resources, which is listed on the Australian exchanges, today makes a formal announcement of the agreement to the Perth Stock Exchange. It will hold 25 per cent of the venture and Sibeka will hold 75 per cent.

The attraction of Swan Resources to Sibeka is thought to centre on the small company's technical staff. The geologist and mineralogist is Mr. Robert Mosig, who was a member of the small team which made the first discovery at Ashton.

The joint venture, although narrowly conceived in the first instance, could be extended later, perhaps to cover the exploration areas Swan Resources has already claimed. It has prospects close to the Ashton joint venture area and also copper tenements at Thaduna, where reserves are established.

Swan Resources will receive a management fee for its work on the joint venture but it is searching for more capital. Dr. John Keay, the managing director, is in London this week as Norths, the Sydney brokers, seek to arrange a share placement with financial institutions. Some funds have already been raised in Australia.

Sibeka's return to Western Australia is a surprise, however, after its withdrawal from the Ashton venture, led by Conzinc Riotinto of Australia. Its departure caused a flurry on the exchanges, not only because Sibeka was the only member of the consortium with direct diamond experience but because the sale of its stake for $A5.04m was considerably lower than market valuations of the Ashton venture.

Later statements from Sibeka indicated that it was concerned about the mounting costs of exploration in Australia and the expectation of further calls for funds. The group's natural diamond interests are based on Brazil, Venezuela, Zaire and Angola.

Indirectly Sibeka's renewed participation in Western Australia widens the scope of De Beers Consolidated Mines diamond exploration. De Beers holds 19.1 per cent of Sibeka as an investment, but does not play a direct role in management. The main shareholder in Sibeka is Societe Generale, the huge Belgian industrial and finance house.

● Don Lipscombe writes from Perth: Selection Trust of London has had some early encouragement from its joint venture with the North West Mining group at the Mount Wynne diamond prospect in the west Kimberleys.

Dr. Ron Wise, the North West managing director, yesterday told the Perth Stock Exchange that AS Mining Ventures, the Selection Trust unit, had located two deeply weathered pipes during shallow drilling. These and any other pipes discovered will be drilled to depth.

One of the two pipes is thought to be on a water reserve in a block held by the Ashton joint venture. (Under state mining legislation, an astute prospector may take up areas like water reserves within larger concessions if the concession holder does not stake his claim first.)

In London yesterday, North West shares were unchanged at 25p. Selection Trust's price was 516p after falling 8p.

Queen Margaret to offer shares

IN THE first flotation of gold shares for many years in Australia, stock in Queen Margaret Mines will be offered to the public in early August, reports Don Lipscombe from Perth.

The flotation is being organised by Spargos Exploration, and Queen Margaret Mines will have as its main asset a half share—with Spargos—in the Mount Ida gold mine east of Kalgoorlie and the Queen Margaret mine, 230 km north west of Kalgoorlie.

The first gold pour at Mount Ida is planned for July 5. This mine will give the company an initial cash flow while the potentially more profitable Queen Margaret mine is brought to production.

Mount Ida operated from 1933 to 1967, but Queen Margaret worked only for about 12 years around the turn of the century. Spargos acquired a 50 per cent interest in Mount Ida last August and with its joint venturers has spent more than A$350,000 (£182,185) on redevelopment.

Reserves at Mount Ida have been put at a proven 15,270 tonnes of ore grading 11.2 grams of gold per tonne and a probable 4,250 tonnes of ore grading 21.13 grams of gold per tonne above the 206 metres level.

Production costs for this ore have been put by Spargos at A$36 a tonne. The longer term objective is to explore and develop an area providing 100,000 tonnes of ore grading 17 grams of gold or more. This programme would cost A$420,000.

At Queen Margaret the feasibility of dewatering and redeveloping the mine are being re-assessed.

In London yesterday Spargos shares were down 1p at 18p.

ASA BUYS MORE PLATINUMS

The bright outlook for platinum, where the free market price is around $437 an ounce, is emphasised by the heavy purchases of platinum shares by the Johannesburg-registered ASA which acts as a vehicle for U.S. investment in South African mining issues.

In the three months to May 31 the company purchased 128,000 Rustenburg shares and 78,700 Impala shares.

These purchases have been financed by the sale of some of the company's shares in the gold producers of the Far West Rand—notably Elsburg in which ASA has reduced its holding from 309,900 to 24,900 shares, Blyvoor, in which it has 138,200 shares compared with 235,100 three months ago and Doornfontein where a holding of 701,500 shares has been cut to one of 588,200.

On the other hand, ASA has increased its holding in East Driefontein, Kloof, Hartebeest, Zandpan and St. Helena.

Total net assets, including investments, at May 31, amounted to R241.3m or U.S.$284.8m compared with R235.2 or U.S.$277.5 on February 28. Assets per share of R25.14 (U.S.$29.66) compare with R24.50 (U.S.$28.91) on February 28.

ROUND-UP

Anglo United, the Northgate group company, is starting a diamond drilling programme at its uranium prospect in County Donegal, Ireland. Initial results from a diamond drilling programme for gold in County Monaghan were described as "encouraging" by the company. Eight intersections in two holes have revealed grades ranging from 0.07 to 0.52 oz a tonne of ore.

* * *

Sabina Industries expects to find a new joint venturer for its base metals prospect at Nine Mile Brook, Bathurst, New Brunswick, according to the half-yearly report. The optimism is based on a review of work carried out by U.S. Steel before it withdrew and the trenching of a previously untested anomaly which contined high values of lead, zinc and silver.

Today's company meetings

Aberdeen Invetstments, 2 Queens Road, Aberdeen, 12. Allied Leather, Grosvenor Victoria Hotel, SW, 12. Blockeys, Edgbaston House, Walker Street, Wellington, Telford, Salop, 12. British Shoe Corporation, 40, Duke Street, W, 11.10. Lake View Investment Trust, Winchester House, 77, London Wall, EC, 12.45. London and Northern, Essex Hall, Essex Street, WC, 3. Sears Engineering, 40, Duke Street, W, 11.15. Sears Holdings, The Selfridge Hotel, Orchard Street, W, 12. Silentnight, Great Eastern Hotel, Liverpool Street, EC, 12.

Record profit by Whitecroft

AN 18 per cent increase in pre-tax profit from £4.25m to a record £5.03m is reported by Whitecroft, Manchester-based group with interests in textiles, building and engineering supplies and engineering and construction, for the year to March 31, 1979.

Whitecroft, which recently acquired Randalls Group (as yet not a profit contributor) is lifting the total dividend by 15 per cent from an adjusted 6.7p to 7.7p with a final of 5.2p a 25p share.

Stated earnings per share rose from 17.59p to 20.07p and net tangible assets from 114.39p to 116.13p.

Turnover improved from £55.1m to £75.6m.

After tax up from £807,000 to £1.002m, earnings attributable after minority interests and extraordinary items progressed from £2.64m to £3.06m.

Dividends absorbed £1.61m (£1.35m). Retained earnings increased from £1.29m to £1.45m.

Last year's dividends are adjusted for the sub-division of the 50p shares into 25p shares on July 31, 1978.

At halfway, when pre-tax profit was up from £1.82m to £2.46m, Mr. John Tavare, chairman, said that taxable earnings in the second six months might not show the same rate of increase. Nevertheless the directors then considered that profit for the year as a whole would show a material increase over that for 1977-78.

● **comment**

With the help of Moorlite (acquired last year), Whitecroft has come bouncing back from the profit slump of 1977-78. The new subsidiary chipped in around £800,000 for the 11 months to March 31 but after interest cost the contribution was halved. Moorlite added around £5m of sales—roughly the same figure as the other newcomer, Randalls which only managed to break even. Whitecroft sold its leather producer, Midland, and also trimmed its engineering and construction activities. The textile division's profits was about per cent up although picketing earlier in the year cost it around £400,000. The building and engineering materials operation had a good year but the Irish timber activities suffered a slight loss. On the engineering and construction side, the Ryder machine tools group performed very well. The outlook for the current year is tempered by the economic prospects for the country but a further improvement could be expected. The shares, at 108p, have a stated p/e of 5.1 and a yield of 10 per cent.

BOARD MEETINGS

TODAY

Interims—Ashdown Investment Trust, Bond Street Fabrics, Countryside Properties, First National Finance Corp., Greenfields Leisure, Trident Television.

Finals—Avana, BAT Industries, Dearitron, Equity Consort Investment Trust, Evans of Leeds, Giltspur, Halma, LCP Property Holding Investment Trust, Sonic.

FUTURE DATES

Interims—	
Birmingham Pallet	July 5
Bootham Engineers	July 1
Glasgow Stockholders	July 2
Pratt (F.)	July 3
Winterbottom Trust	July 3
Finals:	
Bassett (Geo.)	July 3
CH Industrials	June 2
Cattle's (Holdings)	June 2
English Card Clothing	July 4
Imperial Continental Gas	July 5
London and Midland Inds.	July 3
Shaw Carpets	July 4
Wood (S. W.)	July 1

Northern Goldsmiths boosted to £453,218

RESULTS FROM PTS Group and Manor House Finance since December 12, 1978, boosted taxable profits of Northern Goldsmiths Company, retail jeweller, to £453,218 for the year ended February 28, 1979, against £343,157 on turnover well up at £5.98m against £3.22m.

Turnover included £2.29m from PTS and £25,984 from Manor House. Profits included £189,461 from PTS, before consolidation, and £5,993 from Manor House, less £134,432 pre-acquisition profits not available for distribution.

After tax £223,954 (£191,775) minorities £1,259 (nil) and extraordinary debit of £25,34 the amount available emerged £202,561 compared with £151,3 last time.

Earnings per 25p share given as 7.89p (5.43p) and dividend is stepped up to 2.375 (2.0869p) net with a final 1.5251p.

The directors state that dividend restraint ends on July 31, they intend to pay additional 0.434p in September.

CURRENCIES, MONEY and GOLD

…llar weak

…AR fell sharply … currencies yester… …ervousness in the …mpted considerable …f longer positions … week's OPEC meet… …lence was further … with U.S. trade … later this week, as … Consumer Price …ous banks including …ank and the Swiss …k gave the U.S. unit

…support during the …ed to make much … halting the dollar's

…the D-mark, it …M 1.8395, its lowest … mid-January, and …n from Friday's … of DM 1.8550. …Swiss franc it fell … 1.6435 from … and the Japanese …aged to gain at the …ise, with the latter …14.0 from Y215.75. …England figures, its …d index fell to 84.7

…ian dollar rose to … cents against its …f 85.08½ U.S. cents.

Sterling continued to improve, with its trade weighted index rising to 68.9 from 68.6, having stood at 68.9 at noon and 68.8 in the morning. Against the dollar it opened at \$2.1485-2.1495, its lowest level during the day, and rapidly rose to a high of \$2.1630-2.1640 before coming back to \$2.1600 around noon. Further demand pushed up the rate to \$2.1630 but it fell back a little, probably on profit taking to close at \$2.1585-2.1595, a rise of 1.75c from Friday, and its highest closing level since July 30, 1975.

FRANKFURT—The dollar was fixed at DM 1.8409, its lowest level since February this year, and compared with Friday's level of DM 1.8523. The fixing lasted longer than usual and the Bundesbank bought \$50m at that time.

NEW YORK—Early trading saw the dollar hold steady against most currencies apart from the yen, where it fell to Y213.60 from Y218.93 at noon in London. Trading remained cautious ahead of this week's OPEC meeting, with dealers anxious to see how much support the Federal authorities would be prepared to give should the dollar continue to show a weaker trend. The dollar was quoted at DM 1.8420 against DM 1.8655 late on Friday.

BRUSSELS — The Belgian franc tended to follow the movements of the D-mark yesterday and the latter was fixed at BFr 16.05 compared with a ceiling rate of BFr 16.0740. However this was only after continued support by the Belgian authorities, with intervention estimated at around DM 30m.

TOKYO — The dollar fell sharply against the yen to close at Y215.30, compared with Y217.80 on Friday.

…EUROPEAN CURRENCY UNIT RATES

ECU central rates	Currency amounts against ECU June 25	% change from central rate	% change adjusted for divergence	Divergence limit %
39.4582	40.4194	+2.44	+1.64	±1.53
7.08592	7.24828	+2.29	+1.50	±1.635
2.51064	2.51844	+0.31	−0.48	±1.1325
5.79831	5.84170	+0.75	−0.05	±1.35
2.72077	2.76734	+1.71	+0.92	±1.5075
0.662638	0.667468	+0.73	−0.07	±1.665
1148.15	1136.82	[illegible]	[illegible]	±4.0725

…es are for ECU, therefore positive change denotes a … currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

June 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1485-2.1640	2.1585-2.1595	0.60-0.50c pm	3.06	1.77-1.67 pm	3.19
Canada	2.5170-2.5330	2.5252-2.5282	0.72-0.62c pm	3.18	1.78-1.68 pm	2.74
Nethlnd.	4.35-4.39	4.35½-4.38½	2½-1½c pm	5.50	6-5 pm	5.05
Belgium	63.60-64.00	63.60-63.70	20-10c pm	2.83	52-42 pm	2.95
Denmark	11.43½-11.47½	11.44¾-11.45¾	1½ore pm-½ dis	0.52	2½-½ pm	0.52
Ireland	1.0515-1.0560	1.0540-1.0550	23-33p dis	−3.19	79-89 dis	−2.81
W. Ger.	3.95-3.99	3.97-3.98	3⅛-2⅝pf pm	8.69	8¾-7¾ pm	8.18
Portugal	105.00-105.75	105.20-105.50	40-100c dis	−7.97	135-235 dis	−7.02
Spain	142.40-142.70	142.50-142.60	80-30c pm	4.63	105-55 pm	2.24
Italy	1,791½-1,797½	1,792-1,793	¾-2¼ lire dis	−0.83	¾ pm-1¼dis	−0.06
Norway	10.94-10.98	10.94½-10.95½	5-3ore pm	4.38	14-12 pm	4.76
France	9.20-9.26	9.20¾-9.21¼	3¼-2¼c pm	3.42	7¼-6¼ pm	2.93
Sweden	9.19-9.23	9.19¾-9.20¾	3-1ore pm	2.61	8½-6½ pm	3.26
Japan	458-465	461½-462½	3.95-3.65y pm	9.87	10.30-9.90 pm	8.74
Austria	29.15-29.25	29.18-29.23	20-10gro pm	6.16	47-37 pm	5.75
Switz.	3.53-3.56½	3.54½-3.55½	4½-3½c pm	13.52	12½-11½ pm	13.90

Belgian rate is for convertible francs. Financial franc 66.65-66.75c pm. Six-month forward dollar 2.93-2.83c pm; 12-month 4.95-4.85c pm.

THE DOLLAR SPOT AND FORWARD

June 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1485-2.1640	2.1585-2.1595	0.60-0.50c pm	3.06	1.77-1.67 pm	4.78
Ireland†	2.0470-2.0520	2.0470-2.0520	1.25-1.00c pm	6.59	3.45-3.10 pm	6.39
Canada†	85.36-85.46	85.36-85.38	par-0.02c dis	−0.14	0.10-0.07 pm	0.20
Nethlnd.	2.0205-2.0245	2.0225-2.0245	0.55-0.45c pm	2.96	0.95-0.85 pm	1.78
Belgium	29.48½-29.52	29.48½-29.50	2c pm-par	0.41	2 pm-par	0.13
Denmark	5.2980-5.3050	5.3025-5.3050	0.50-1.00ore dis	−1.70	3.25-3.75dis	−2.64
W. Ger.	1.8380-1.8395	1.8380-1.8390	0.95-0.85pf pm	5.87	2.36-2.26 pm	5.03
Portugal	48.75-48.88	48.78-48.88	35-45c dis	−9.83	90-130 dis	−9.01
Spain	66.04-66.06	66.04-66.06	5-10c dis	−1.36	10-20 dis	−0.91
Italy	830.80-831.10	830.80-831.10	2.25-3.00 lire dis	−3.79	6.50-7.25dis	−3.31
Norway	5.0670-5.0710	5.0700-5.0710	0.75-0.25ore pm	1.18	2.55-2.05 pm	1.81
France	4.2640-4.2700	4.2640-4.2670	0.05c pm-0.05c dis	—	0.30-0.50dis	−0.37
Sweden	4.2600-4.2620	4.2608-4.2618	0.20ore pm-par	0.28	0.50-0.30 pm	0.37
Japan	213.30-215.50	213.30-215.50	1.20-1.10y pm	6.47	2.90-2.80 pm	5.34
Austria	13.52¾-13.53¾	13.52¾-13.53¼	5.00-4.00gro pm	3.99	12.5-9.50 pm	3.25
Switz.	1.6398-1.6433	1.6423-1.6433	1.50-1.45c pm	10.77	4.10-4.05 pm	9.92

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 25	Bank of England Index	Morgan Guaranty changes %
Sterling	68.9	−36.0
U.S. dollar	84.7	−8.6
Canadian dollar	80.4	−17.3
Austrian schilling	147.2	+19.0
Belgian franc	113.7	+13.5
Danish kroner	113.9	+2.8
Deutsche Mark	151.5	+42.5
Swiss franc	199.1	+83.9
Guilder	123.5	+18.8
French franc	99.2	−6.8
Lira	54.6	−49.3
Yen	134.5	+33.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

June 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.598357	0.633002
U.S. $	9½	1.29269	1.36760
Canadian $	11¼	1.51284	1.60078
Austria Sch.	3¾	17.4933	18.5178
Belgian F	9	38.1751	40.4194
Danish K	8	6.85320	7.24828
D mark	5	2.37971	2.51844
Guilder	7	2.61188	2.76734
French Fr	9½	5.52043	5.84170
Lira	10½	1074.23	1136.82
Yen	4¼	279.609	295.036
Nrwgn. K	7	6.56623	6.93715
Spanish Pes	8	85.3990	90.2958
Swedish Kr	6½	5.50751	5.83035
Swiss Fr	1	2.12105	2.24628

OTHER MARKETS

June 25	£	$		£ Note Rates
Argentina Peso	2803-2823	1298-1307	Austria	28¾-29¼
Australia Dollar	1.9250-1.9290	0.8915-0.8935	Belgium	65-67
Brazil Cruzeiro	54.75-55.75	25.35-25.85	Denmark	11.40-11.60
Finland Markka	8.44-8.46	3.8970-3.8990	France	9.15-9.25
Greek Drachma	78.046-79.927	36.15-37.05	Germany	3.92-4.02½
Hong Kong Dollar	10.97-10.98¼	5.0925-5.0950	Italy	1,765-1,805
Iran Rial	153.75-163.75	72-75	Japan	460-470
Kuwait Dinar (KD)	0.590-0.600	0.2761-0.2763	Netherlands	4.33-4.44
Luxembourg Frc.	63.60-63.70	29.47-29.49	Norway	10.90-11.00
Malaysia Dollar	4.6785-4.6895	2.1690-2.1700	Portugal	101-105
New Zealand Dlr.	2.1345-2.1405	0.9885-0.9915	Spain	140-144
Saudi Arab. Riyal	7.25-7.31	3.3750-3.3758	Switzerland	3.50-3.60
Singapore Dollar	4.6730-4.6740	2.1665-2.1675	United States	2.15½-2.16½
Sth. African Rand	1.82-1.83	0.8430-0.8475	Yugoslavia	39½-42½

Rate given for Argentina is free rate.

…GE CROSS RATES

	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
[illegible]	1.	2.159	3.975	468.0	9.205	3.550	4.350	1793.	2.526	63.65
[illegible]	0.463	1.	1.842	216.0	4.266	1.645	2.020	830.4	1.173	29.49
[illegible]	0.252	0.543	1.	116.3	2.316	0.893	1.097	450.9	0.636	16.01
[illegible]	2.165	4.672	8.604	1000.	19.93	7.684	9.437	3880.	5.467	137.8
[illegible]	1.086	2.344	4.317	501.8	10.	3.856	4.735	1947.	2.743	69.15
[illegible]	0.282	0.608	1.120	130.1	2.594	1.	1.228	504.9	0.711	17.93
[illegible]	0.229	0.495	0.912	106.0	2.112	0.814	1.	411.1	0.579	14.60
[illegible]	0.558	1.204	2.218	257.7	5.137	1.980	2.432	1000.	1.409	35.51
[illegible]	0.396	0.854	1.574	182.9	3.646	1.406	1.726	709.7	1.	25.20
[illegible]	1.571	3.390	6.246	725.6	14.47	5.577	6.850	2816.	3.968	100.

…RRENCY INTEREST RATES

…nominal rates were quoted for London dollar certificates of deposit: one month 10.50-10.60 per cent; three months 10.50-10.60 per cent; six … 10.60 per cent; one year 10.10-10.20 per cent.

	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14 18	—	¾-1¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15½-16½	[illegible]	2¾-3¾
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11½-12½	[illegible]	4-4¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12-13	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12½-13½	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12¾-13¾	[illegible]	[illegible]

…urodollar: two years 10-10⅛ per cent; three years [illegible] per cent; four years [illegible]-10 per cent; five years [illegible] per cent nominal closing … rates are call for sterling U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates …

…TIONAL MONEY MARKET

…nch rates firmer

…f France raised its … intervention rates, … which it discounts …s, yesterday. The …ate for one-month …eased by ⅛ per cent …: three-month bills …it to 8¾ per cent; … bills by ⅛ per cent …

… the central bank …ne-month interven… …⅛ per cent from 8⅛ … yesterday's move … general upward …nch interest rates …st month or so.

…n maintaining a …nflation, presently …r cent., the upward movement in rates may also be seen as a precautionary measure to support the French franc.

The franc has been one of the firmer members of the European Monetary System recently, behind only the Italian lira and the D-mark. The strength of the German currency is increasing the pressure on the other members however, and has encouraged a firming of interest rates in several European centres.

In Paris day-to-day money rose to 8¼ per cent from 8⅛ per cent yesterday, one-month to 8½-8⅝ per cent from 8⅜-8⅝ per cent; three-month to 8¹³⁄₁₆-9¹⁄₁₆ per cent from 8⅝-8⅞ per cent; and six-month to 9⅛-9⅝ from 9⅛-9⅜ per cent.

FRANKFURT—Call money was quoted at 5.50-5.70 per cent, compared with 5.50-5.60 per cent previously. One-month funds rose to 5.65-5.85 per cent from 5.60-5.70 per cent; three-month to 6.40-6.60 per cent from 6.30-6.40 per cent. Six-month money was 6.70-6.90 per cent, compared with 6.70-6.80 per cent, and 12-month was quoted at 7.00-7.20, against 7.10-7.30 per cent.

AMSTERDAM — Call money rose to 7⅝-7⅞ per cent from 7-7½ per cent. One-month was unchanged at 8⅛-8⅜ per cent, while three-month eased to 8⅝-8⅞ per cent from 8⅞-9 per cent; and six-month to 9⅛-9⅜ per cent from 9⅜-9⅝ per cent.

…EY MARKET

…ge assistance

…ngland Minimum …ate 14 per cent …June 12, 1979)

…credit was in short …he London money …terday, and the …ave a large amount … by buying a small …reasury bills from … houses, and a small …ocal authority bills. …table exception the …uses are generally …easury bills at the moment, and the authorities therefore completed their help by lending a moderate amount, overnight at Bank of England Minimum Lending Rate, to five or six houses.

The market was helped by a small amount of net maturing Treasury bills, and a small excess of Government disbursements over revenue payments to the Exchequer. On the other hand banks brought forward small run-down balances, and the houses were also faced with the unwinding of a large purchase and resale agreement of bills.

Discount houses paid 13-13½ per cent for secured call loans in the early part, and closing balances were taken at 13¾-14 per cent.

In the interbank market overnight loans opened at 14-14¼ per cent, and touched 14½-15 per cent, before easing to 13 per cent, and closing at 14 per cent.

Rates in the table below are nominal in some cases.

…MONEY RATES

	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
[illegible]	—	13-15	—	—	—	14½	13-14	—	—	—
[illegible]	—	—	13¾-14	—	—	—	—	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13¾
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

…rity and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage … three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ⊕Bank bill rates … buying rates for prime paper. Buying rate for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent.

… selling rate for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; three … per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent … per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent and three-month 13½ per cent.

…ouses Base Rates (published by the Finance Houses Association) 12 per cent from June 1, 1979. … Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Rates for lending … Treasury Bills: Average tender rates of discount 13.2582 per cent.

GOLD

Record level

Gold continued to improve in the London bullion market yesterday, and finished at a record closing level of \$283-283¾, a rise of \$¾ an ounce from Friday. Trading was generally rather quiet with buying interest during

	June 25	June 22
Gold Bullion (fine ounce)		
Close	\$283-283¾ (£131.0-131.4)	\$282¼-283 (£131.9-132.3)
Opening	\$283½-284¼ (£131.7-132.0)	\$281½-282¼ (£131.3-131.7)
Morning fixing	\$284.50 (£131.53)	\$281.95 (£131.445)
Afternoon fixing	\$283.85 (£131.260)	\$283.45 (£132.085)
Gold Coins, domestically		
Krugerrand	\$291½-293½ (£135-136)	\$292-294 (£136¼-137¼)
New Sovereigns	\$73½-75½ (£34-35)	\$72½-74½ (£33¾-34¾)
Old Sovereigns	\$88½-90½ (£41-42)	\$92-94 (£43-44)
Gold Coins, internationally		
Krugerrand	\$291½-293½ (£135-136)	\$292-294 (£136¼-137¼)
New Sovereigns	\$73½-75½ (£34-35)	\$72½-74½ (£33¾-34¾)
Old Sovereigns	\$88½-90½ (£41-42)	\$92-94 (£43-44)
\$20 Eagles	\$405-410	\$402-406
\$10 Eagles	\$226-231	\$227-231
\$5 Eagles	\$159-164	\$157-162

the morning pushing up the price before easing back a little ahead of U.S. participation, to \$283¾-284¼. However at one point the metal reached an all time high of \$284¾-285.

In Paris the 12½ kilo bar was fixed at Fr41,000 per kilo (\$298.61 per ounce) compared with Fr41,100 (\$299.37) in the morning and Fr40,950 (\$296.54) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM16,840 per kilo (\$284.62 per ounce) against DM 16,770 (\$281.88) previously.

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.5
Treasury Bills (13-week)	9.00
Treasury Bills (26-week)	9.08

GERMANY

Discount Rate	4
Overnight Rate	5.60
One month	5.75
Three months	6.50
Six months	6.80

FRANCE

Discount Rate	9.5
Overnight Rate	8.25
One month	8.5625
Three months	9
Six months	9.5

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.375
Bills Discount (three-mth.)	6

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on June 25, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING	PLACE AND LOCAL UNIT		VALUE OF £ STERLING	PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	90.00	Greenland	Danish Kroner	11.45¼	Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A)0.7373
Albania	Lek	10.349	Grenada (S)	E. Caribbean $	5.835	Peru	Sol	exc(A)483.19
Algeria	Dinar	8.2656	Guadaloupe	Local Franc	9.2075	Philippines	Philippine Peso	15.76
Andorra	French Franc / Spanish Peseta	9.2075 / 142.55	Guam	U.S. $	2.1590	Pitcairn Islands (S)	£ Sterling / New Zealand $	— / 2.1375
Angola	Kwanza	60.118	Guatemala	Quetzal	2.1590			
Antigua (S)	E. Caribbean $	5.835	Guinea Republic	Sily	41.637			
Argentina	Ar. Peso Free Rate	2.813	Guinea Bissau		74.215	Poland	Zloty	(cm)63.38 (T)63.38
			Guyana (S)	Guyanese $	5.505			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 90.69. Based on gross rates against Russian rouble. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF.


"WE SET UP
FROM SCRATCH
IN FIVE WEEKS,
THANKS TO
MILTON KEYNES"
RAY HAMMOND, MANAGING DIRECTOR
"WE MOVED HERE
SO I COULD KEEP
AN EYE ON THE
OTHER TWO."
DICKIE WREN, MANAGING DIRECTOR, FARFISA ORGANS

...H AMERICAN NEWS

...hrysler takeover denial ...ils to deter investors

BY ...N WYLES IN NEW YORK

...R'S was one of the ...ily traded stocks on ...York Stock Exchange ...with investors show... initial scepticism ... denials that Volks... planning a $15 per ...over bid. The stock ... Friday at $10⅞, up ...te both companies' ...o quash the report, ... in the latest Auto...ws.

...er imbalance pre...rysler's shares open...rading until around ...rday, when a total of ...res were bought and ...¼, up ¼. Volume continued to be heavy but just after noon a block of 118,700 shares were traded at $10.

The apparent willingness among some investors to speculate on the takeover report proving true is based on the belief that a merger may be the only solution for Chrystler's grave financial and marketing problems. At the same time it could also satisfy VW's desire to start engine manufacture in the U.S. and to expand its assembly facilities here.

Leslie Colitt adds from Berlin: The West German Cartel Office stands by its view after consulting Volkswagen that VW appears to be interested in purchasing one or more Chrysler factories that are either shut down or have excess capacity.

There were reports on Friday that VW had denied the Cartel Office statement. A spokesman was said to have explained that VW was only negotiating the delivery of additional engines and transmission systems to Chrysler.

Fresh details may emerge from next Tuesday's meeting of VW's supervisory Board in Berlin. VW has its annual shareholders' meeting here the following day at which the subject of a further U.S. engagement is expected to be aired.

...n suspends GTE payments

...—Iran has ordered ...sion of all payments ...al Telephone and ...Corporation under a ...r of credit, Alaverdi ...nasi, Iranian Central ...tor-General in charge ... said yesterday.

...ntral Bank had ...Manufacturers Han... in New York not to ...urther payments to ...d.

...ernment-owned Tele...tions Company of ...last week filed a suit ...TE in a Teheran District Court. GTE won a $600m contract in December, 1977, to instal 950,000 telephones in Iran.

GTE said the company had been informed by Manufacturers Hanover that payments had been suspended following an interim injunction issued by the Teheran court.

The $250m covered future shipments of equipment to Iran. The company had advised the Iranian firm that it was $11m behind on payments.

No attempt had been made so far by the Iranians to draw on performance bonds totalling $94m put up by GTE in New York, but GTE might take action to protect the bonds "should any irresponsible parties try to get hold of the money."

A GTE negotiating team is at present discussing the contract with the Iranian firm and the Iranian Posts and Telecommunications.

GTE said the suspension of payments under the letter of credit meant that there could be no further shipments of equipment for the telephone project from the U.S.

Reuter

...urphy Oil earnings improve

...Y — Murphy Oil's ...arter net income ..."about half" the ... 27 cents a share ...the first quarter of ...aid Mr. Harold Mon...resident.

...cond quarter of last ... per cent owned sub...El Dorado, Murphy ...ation had A$1.8m net loss in the 1978 first half.

Analysts estimates that Murphy will earn $1 share in 1979 are "a bit too high" and a more conservative range would be 80 to 85 cents a share. In 1978, the company earned $2.8m or 44 cents.

Mr. Monzingo cited a turnround in Murphy's eastern Canadian marketing division for the improving earnings trend this year.

...Mr. Monzingo's lat... first half earnings ...about $2.6m or 41 ...red with a $1.4m ...

Higher petrol prices and better profit margins should result in the marketing division having a better than breakeven year compared with the $2.4m loss by the division in 1978.

The small profit currently being generated from marketing operations should become somewhat larger by the end of the year, if the company's previously planned sale of substantially all of its Ontario marketing assets to Sun Company's Sun Oil unit is approved by Canada's Foreign Investment Review Agency.

AP-DJ

INTERNATIONAL BOND SERVICE

...shows the 200 latest international bond issues for which an adequate secondary market ... further details of these or other bonds see the complete list of Eurobond prices published ...d Monday of each month.

Closing prices on June 25

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	†96	96½	−0⅛	−1⅛	10.01
Avco Fin. 10¼ 86 C$	25	96⅛	96⅞	0	−0⅛	10.96
Eur. Dev. Cpn. 10 84 C$	50	98⅞	99⅛	0	−0⅛	10.22
...x. Can. Inv. 10 84 C$	50	98½	98⅞	−0⅛	−0⅛	10.38
Hudson Bay 10½ 89 C$	60	99½	100	+0⅛	−0⅛	10.53
Quebec 10¼ 86 C$	50	97¾	98¼	−0⅛	−0⅛	10.66
R. Bk. Canada 10 86 C$	40	99⅝	100⅛	0	−0⅛	10.02
R. Bk. Canada 10 84 C$	40	98¼	98¾	−0⅛	−0⅛	10.47
Copenhagen 8¾ 91 EUA	25	†97⅛	98⅛	+0⅛	+0⅛	8.48
Komm. Inst. 7½ 93 EUA	15	†84	85	−0⅛	−1⅞	9.16
Panama 8½ 93 EUA	20	†93½	94½	−1½	−1½	9.00
SOFTE 8¼ 89 EUA	40	†96½	96½	0	−0⅛	8.87
Algemene Bk. 8½ 83 Fl	75	92¾	93½	−0⅛	−0⅛	8.39
CPE Mexico 7½ 83 Fl	75	94¼	95	−0⅛	−0⅛	9.38
EIB 7¼ 85 Fl	75	91½	91⅞	0	0	9.07
Ned. Middbk. 8¼ 84 Fl	75	99¼	99½	+0¼	+0¼	8.56
New Zealand 8¼ 84 Fl	75	90⅞	91½	+0⅛	0	8.99
Norway 8¼ 84 Fl	100	97¾	98½	−0⅛	−0⅛	8.73
Elf Aquitaine 9¾ 88 FFr	150	95⅞	96¼	−0⅛	−0⅛	10.44
EIB 9¾ 88 FFr	200	95¼	95½	−0⅛	−0⅛	10.41
Euratom 9¾ 87 FFr	150	96	97	−0⅛	−0⅛	10.41
Norway 9¾ 84 FFr	200	96¾	97¼	−0⅛	−0⅛	10.10
PSA Peugeot 9½ 87 FFr	175	95⅞	96¼	0	−0⅛	10.47
Saint-Gobain 9½ 86 FFr	130	96	97	+0⅛	−0⅛	10.48
Solvay et Cie 9½ 87 FFr	125	96	97	+0⅛	−0⅛	10.41
Total Oil 9½ 87 FFr	150	93⅞	94½	−0⅛	−0⅛	10.48
Unilever 10 85 FFr	100	98½	99¼	−0⅛	−0⅛	10.22
CECA 9½ 89 £	20	89⅝	90⅛	−0⅛	−0⅛	11.34
Citicorp 10 93 £	20	89⅝	90½	−0⅛	−0⅛	11.44
EIB 9½ 88 £	25	89⅝	90⅝	−0⅛	−1⅛	11.60
EIB 11½ 91 £	25	94¾	95½	−0⅛	−0⅛	12.30
Finance for Ind. 13 91 £	15	99¾	100¼	−0⅛	−0⅛	12.97
Gen. Elec. Co. 12½ 89 £	50	98¼	99	−0⅛	−0⅛	[illegible]
Euratom 8 87 LuxFr	500	†97¼	98¼	+0⅛	+0⅛	8.40
Norges Km. 8 86 LuxFr	500	†95¼	96¼	−1⅛	−1⅛	8.79
Oslo, City of 8 89 LuxFr	500	†97¼	98¼	−0⅛	−0⅛	8.34
Solvay Fin. 8 85 LuxFr	500	†97	98	+0⅛	+0⅛	8.51
Swedish Bk. 8 88 LuxFr	600	*†96¼	97¼	0	−1⅛	8.52

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
SBL (Cayman) M6.5 84	0⅛	*†12	13	25/12	10.94	87.50
BFG Fin. Co. M6.5 89	0⅛	98½	99	12/7	12.4	12.56
BNDE M6 88	0¾	96¾	97½	21/9	11⅛	11.45
Banco di Roma M6 87	0⅛	98⅝	98⅞	26/10	11.19	11.34
Bco. El Salvador M8 83	1⅛	†95	95½	12/10	12⅛	12.86
Bco. Nac. Argent. 7 88	0¾	97⅜	98⅛	22/9	11½	11.75
Banco Prov. BA M7¼ 86	0¾	96¼	96⅞	12/6	11	11.17
Banco Urquijo 6 88	0⅝	97⅞	98⅜	21/9	11⅛	11.72
Bank of Tokyo M5½ 93	0⅛	98⅝	99⅛	18/10	11⅝	11.87
Bq. Ext. d'Alg. M7.5 85	0⅜	95½	95⅞	2/11	11⅞	12.43
BNP 5½ 91	0⅛	98⅝	98⅞	22/2	11⅜	11.53
Citicorp O/S Fin. 6 94	0⅛	99½	100	8/9	10.69	10.71
Creditanstalt M5½ 91	0⅛	98	98½	14/9	10⅞	11.07
Gotabanken M6 88	0⅛	†98¼	98⅝	15/6	11½	11.68
Ind. Bk. Japan M5½ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.98
Jugobanka M6 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.31
LTCB Japan M5½ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.65
LTCB Japan M5½ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.21
Mfrs. Han. O/S M5½ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.26
Nipp. Crdt. Bk. M5.5 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.99
OKB M5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.49
Petro Mexicano M7 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.18
Privredna Banka M6 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.03
Sundsvallsbanken M6 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.22
Texas Int. Air. M7 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.54
TVO Pwr. M6 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.34
Utd. Overs'a Bk. M6 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.38
Bq. d'Alg. M4.25 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.35

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ciba-Geigy O/F 4 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−16.36
Coca-Cola Bottling 6½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.82
Credit Suisse 4¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.51
Esselte 7½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.88
Honda Motor 5½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.06
Mitsui ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.30
Novo Industri 7 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.93
Texas Int. Air ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.95
Asahi Optical 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.10
Casio Cp. 3½ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.30
Fujitsu 3½ 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.14
Jusco 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	31.56
Kansai Elec. 4 84 DM...	4/79	1350	87½	88¼	+0¼	22.82
Konishiroku 3½ 85 DM	1/79	612	83⅞	84½	−0⅛	14.22
Marudai Food 3½ DM...	2/79	1033	78⅞	79½	+0⅞	35.64
Murata M. 3½ 86 DM...	11/78	854	84	84¾	+0⅛	7.32
Nippon Ysn. 3½ 85 DM	1/79	251	124¼	124⅞	−2⅛	−4.59
Nissan Diesl. 3½ 86 DM	2/79	477	87⅞	88¼	−0⅛	5.89
Olymp. Opt. 3½ 85 DM	2/79	703	92⅝	93½	+1	3.18
Sharp Cpn. 3½ 86 DM	2/79	487	[illegible]	[illegible]	+0⅛	13.22
Stanley Elec. 3½ DM ...	11/78	623	82	82¾	+0⅞	48.30
Tokyo Elec. 3½ 87 DM	4/79	476	90½	91	+0⅛	33.61
Tokyu Ld. Cp. 4 86 DM	4/79	493	82⅞	83½	+0⅛	17.35
Trio-Knwd. 3½ 86 DM...	11/78	711	79½	80½	−0⅛	35.96

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Fidelity Union gets $370m offer

DALLAS — Fidelity Union Life Insurance has agreed in principle to be acquired by Allianz of America Incorporated, the U.S. subsidiary of Allianz Versicherungs AG, a German insurance company.

Fidelity Union said the total amount that would be paid for its outstanding stock would be about $370m.

Allianz has agreed to buy 1.7m shares of Fidelity Union or about 35 per cent of the outstanding stock at $72.50 cash a share from Mr. Michael J. Collins, president and chairman of Fidelity, members of his family and three board members. Terms of that sale require that Allianz sign a definitive merger agreement with Fidelity Union under which the remaining shareholders would receive at least $72.50 a share.

AP-DJ

Kodak case for re-trial

By David Lascelles in New York

THE New York federal appeals court yesterday overturned most of a lower court's finding in the marathon Kodak-Berkey anti-trust case, and sent them back for re-trial, thus assuring it a prominent place in the legal book of records.

Eighteen months ago, the courts awarded Berkey $81.7m in triple damages and legal fees five years after Berkey accused Kodak of monopolising the film, camera and colour paper markets. The accusation centered on Kodak's introduction of a new photo format which only its own equipment was able to process.

However, Kodak lodged an appeal at the beginning of this year arguing that all the innovation gave it was a headstart in a technology that competitors were eventually able to develop themselves.

In yesterday's ruling, the three appeals judges reversed and ordered a new trial of the following damage awards to Berkey: $34.5m for excessive prices for film, $167,100 for lost photo-finishing profits and $57,000 for excessive prices paid for photo-finishing equipment.

The court also reversed $45.8m awarded to Berkey for lost camera sales, but did not send it back for re-trial.

The only consolation for Berkey was a finding that Kodak violated anti-trust laws with its Magicube and Flipflash systems, and ordered a re-trial to determine damages. Berkey also received $990,000 for lost camera sales in 1970.

Wall Street reacted sharply to the news. Berkey lost $1½ to $5¼, and Kodak gained $¼ to $58¾.

Walter Fallon, Kodak's chairman, said in a statement from Europe that the decision seemed to be highly favourable to Kodak, but he had not had a chance to read the opinion.

There was no immediate reaction from Berkey.

Westinghouse settles suits

PITTSBURG — Westinghouse Electric reached a final agreement of a uranium supply lawsuit with Statens Vattenfallsverk, the Swedish State Power Board. The lawsuit involved about 5m pounds of uranium and Westinghouse agreed to provide $60m and about 1.8m pounds of uranium "at favourable prices."

Meanwhile, Westinghouse Electric Corporation and Virginia Electric and Power have reached a $380m settlement of their dispute over the delivery of about 11.5m pounds of uranium to the utility.

The settlement, which was approved by U.S. District Court Judge Robert R. Merhige Jr., calls for Westinghouse to make cash payments with a present value of $129m in 1979 and 1980 and to deliver to the utility 7.5m pounds of uranium, currently valued at $130m, from 1980-1994.

Agencies

Ivaco bid for Atlantic Steel

ATLANTA — Atlantic Steel has agreed to a proposed offer by Ivaco of $40 a share for the 1.2m shares of Atlantic outstanding. The offer would put a total price of $51.8m on Atlantic Steel.

Atlantic Steel said that 10 of its 12 directors attended a special Board meeting and agreed to tender their shares when the offer is made.

The companies said the offer will be made as soon as practicable after compliance with Federal and State laws.

Ivaco is a publicly held Canadian company in Marieville, Quebec. It is an integrated steel producer with 27 manufacturing plants of which 13 are in the U.S.

Atlantic Steel had 1978 sales of about $175m and earnings of $4.6m or $3.54 a share.

AP-DJ

ASBESTOS CORPORATION TAKEOVER

Swift defensive footwork

BY ROBERT GIBBENS IN MONTREAL

ASBESTOS CORPORATION and its parent company General Dynamics Corporation of the U.S. have replied quickly to the passage of expropriation legislation in the Quebec National Assembly. Today the Quebec Superior Court in Montreal will begin hearings on a request by Asbestos Corporation for an interlocutory injunction to prevent the Quebec Government, headed by Premier Rene Levesque, from taking any action towards expropriation of the company's Quebec assets.

Asbestos Corporation, 54.6 per cent owned by General Dynamics, the American aerospace, shipbuilding, electronics and building materials group, is the second largest asbestos fibre producer in Canada and has a refining plant in West Germany. The Parti Quebecois, when elected in November 1976, moved almost immediately on a campaign promise to buy control of Asbestos Corporation on the ground that this would be the most effective way of increasing the amount of Quebec-minded fibre converted into manufactured products. At present all but 7 or 8 per cent is shipped abroad for processing.

After two years of preliminary negotiations, the Government offered around C$42 a share for General Dynamics' controlling interest in Asbestos. Against a market price of about C$26 a share at the time the Government took power. General Dynamics has indicated it was asking nearly C$100 a share. Neither side was able to agree on the share valuation, because of differing views about the future of asbestos.

The Government then brought forward its expropriation legislation, which specifically mentions Asbestos Corporation, and is not general legislation to empower takeovers in the resource or any other industry. It said

> Asbestos Corporation is the second-largest fibre producer in Canada and has a refining plant in West Germany as well as mines and mills in Quebec

it would use the expropriation powers over Asbestos Corporation's Quebec assets if a negotiated settlement for the takeover could not be reached.

Though the Government indicated last week that a new offer might be on the table, and this was "interesting" to both sides, it completed passage of the legislation (Bill 121) in the National Assembly and it became law last Friday. Both Liberal and Union Nationale opposition parties voted against the Bill.

Asbestos Corporation and its parent reacted swiftly, filing in Quebec Superior Court on Friday a request for an injunction preventing the Government from making any expropriation move. Hearings on the request start today.

If the legislation were used, the mines and mills of Asbestos Corporation would be taken over and operated by the new Government agency Société Nationale de l'Amiante, set up in May, 1978, under Bill 70. Compensation would be subject to arbitration through a three-man commission headed by a judge.

Asbestos Corporation's lawyers argued that the company is Federally-chartered and some of its assets are located outside the Province, and therefore it is beyond the powers of the Quebec Legislature to enact expropriation legislation as under Bill 121. This point has been successfully argued in the past in British Columbia. Asbestos also argued that both Bill 121 and Bill 70 (setting up SNA) are unconstitutional.

Its lawyers alleged that both bills were submitted to the Quebec Legislature and later passed in their French form only. Since no official English language version existed, both laws violate Article 133 of the British North America Act, effectively the Constitution of Canada.

A similar case is now before the Supreme Court of Canada, asking for a ruling that certain clauses of the French Language Charter (Bill 101) passed by the Quebec Legislature in 1977 are unconstitutional and violate the same article of the BNA Act. In effect this case challenges the present Quebec Government's position that there is only one official language in the Province—French. The BNA Act expressly states that debates and legislation in the Quebec Legislature must be in English and French.

Asbestos Corporation has made little secret of its efforts to delay any takeover until after the referendum on Quebec independence next spring and the next Provincial election due in late 1980 or 1981. If the Superior Court were to grant an injunction, it is likely that a long legal process would ensue and effectively block any Government action for some time.

Currency fears hit dollar Eurobonds

BY FRANCIS GHILES

CONCERN about the U.S. currency and the large amount of new paper on issue conspired to weaken the dollar sector of the Eurobond market further yesterday. Many dealers expressed fears of further selling during the week. In contrast, the Deutsche-Mark and Swiss franc sectors posted further gains.

Most recent dollar-denominated issues are standing at discount of at least 1½ points, the exception being the convertible for Lear Petroleum which was being quoted in first day trading at 102¾-103¼. The issue had been increased by $10m to $30m due to strong demand.

Two new floating rate issues have been announced: Mexico's Nacional Financiera is raising $100m with a bullet maturity of seven years through Société Générale and Salomon Brothers. The borrower is paying an interest rate of ¾ per cent over six-month Libor with a minimum of 6¼ per cent.

Meanwhile, Panama is arranging a 12-year $50m serial note with an average life of 8.45. This FRN carries an interest rate of ⅞ per cent over the six-month interbank rate with a minimum coupon of 7 per cent. Lead manager is Dillon Read Overseas Corporation.

The secondary market in FRN issues was quiet yesterday in contrast to last week, with investors displaying less interest in buying.

Coupons of outstanding FRN issues which have been recently readjusted have been fixed at much lower levels than previously because of the fall in short-term interest rates which has occurred in the past four months. The National Westminster FRNs of 1990 are now yielding 11 per cent instead of the 12½ per cent they were returning in the six months up to the readjustment of the coupon last week.

The large amount of new paper on offer in this sector, often carrying very tight terms, is also helping to temper the enthusiasm of buyers.

Prices in the Deutsche-Mark sector rose again yesterday with a good volume of trading reported by dealers. A DM 50m private placement for the Inter-American Development Bank is being arranged by DG Bank. The borrower is paying a coupon of 8 per cent on this issue, which carries a 10-year bullet maturity and is expected to be priced at 99. This Bond brings the volume of new DM paper issued in June to DM 500m. Initially the capital markets sub-committee had agreed to DM 200m.

The sub-committee meets tomorrow and is expected to approve a new issue calendar of between DM 400m-500m, to which a DM 400m World Bank issue could well be added if market conditions permit.

The mood in the foreign Deutsche Mark sector was helped yesterday by the good reception afforded to the German Railways DM 650m domestic bond and the Bundesbank was able to sell DM 50m worth of paper.

This issue includes a coupon of 8 per cent for 10 years with pricing at 99. With the ½ per cent selling group concession, the investor is getting a return of 8.15 per cent.

Companies and Markets

INTNTL. COMPANIES and FINANCE

BELGIAN STEEL INDUSTRY

State writes off Cockerill debt

BY GILES MERRITT IN BRUSSELS

FINANCIAL details of a major element in the Belgian Government's rescue plan for the steel industry were disclosed in Brussels yesterday at an extraordinary meeting of shareholders in Cockerill, the largest Belgian steel company.

The state is to take a 28.9 per cent stake in Cockerill, in which it previously had no equity interest, and is writing off a substantial proportion of the company's debt in order to boost its future profitability.

Last year, interest payments and other financial charges locked up 6.5 per cent of Cockerill's BFr52bn ($1.75bn) turnover, and the terms of the state participation plan are intended to reduce that proportion in 1979 to only 2.5 per cent.

Setting forward the details of the complex financial arrangements now being made by the state, Baron Clerdent, Cockerill's chairman, also made it plain that the deal signals the launching of the company's large BFr26bn investment plan for the coming five years.

For 1978 investments by the company stood only at BFr1.8bn because of what Cockerill has described as "financial constraints." Consolidated losses for the year were BFr7.5bn, against a deficit of BFr7.2bn in 1977.

The Belgian state's 28.9 per cent stake will be taken in a slightly reduced Cockerill capital, with the present capital of BFr 7.76bn being reduced in the first stage of the financial operation to BFr 5.04bn. A total of BFr 2.7bn is to be written off from Cockerill's accumulated losses of BFr 18.7bn.

In the second stage of the agreement, Cockerill's capital will then be raised back to BFr 7.09bn through the creation of fresh shares that will be held by the state. The Belgian Government's capital injection is being carried out in two parallel moves, for, while the state is taking the major stake itself, it is also working through the agency of its Societe Nationale de Credit Industriel (SNCI).

Cockerill is to issue two convertible loans, the first of which will be for a BFr 11.6bn 15-year loan, which the state will take up at a minimal 1 per cent rate. The second is a BFr 1bn loan over 15 years that the SNCI will take up at 10 per cent, and which is designed to roll over that amount of Cockerill's present BFr 4bn debt to SNCI. Both loans can in due course be converted into equity in Cockerill.

Yesterday's setting out of the precise terms of the state participation in Cockerill, which accounts for approaching a third of Belgian steel output, concerns earlier details of the plan.

Following the decision last November to launch a major steel rescue plan that could eventually cost the Belgian state BFr 60bn, the country's banking commission recommended in January a programme which included taking 28.9 per cent in Cockerill and also proposed stakes of 42.3 per cent in Thy-Marcinelle-Monceau and 30.9 per cent Hainaut Sambre.

Hüls forecasts higher dividend

BY GUY HAWTIN IN FRANKFURT

CHEMISCHE WERKE Hüls is expecting "satisfactory" profits for 1979. The group's management said that shareholders will share "fairly and fully" in the division of profits and a "satisfactory" dividend—certainly in double figures per cent—will be paid.

Hüls, which is the chemical arm of the major Veba energy concern, has made its forecast despite uncertainty over the course of the second half of the year. It is still concerned about the trend in raw materials prices and such factors as inflation, currency uncertainty and world economic developments.

However, it was equally uncertain about the first half of the year when it produced its preliminary report on 1978. In the event, its report on the opening six months of 1979, published yesterday, described business progress as "satisfactory to good."

Turnover during the first five months of the year rose by 75.8 per cent against the comparable 1978 performance to DM 1.92bn ($1.04bn). This spectacular growth rate, however, is in a large part attributable to a restructuring of Veba's chemicals interest which has placed more production operations under the Hüls umbrella.

Even so, steep increases in prices of oil-based raw materials have also played a substantial role and real turnover of the group's main opertaions was up by 24.7 per cent during the period to DM 1.65bn.

Exports led sales growth, rising by 28.9 per cent compared with the first five months of 1978. Domestic sales, however, also increased by 22 per cent. Volume production rose by 9.2 per cent and capacity utilisation to 81 per cent.

The price increases of oil-based raw materials were reflected in increased product prices and offset the deteriation of product prices suffered in 1978. This, together with a higher level of capacity utilisation, lead to satisfactory earnings in most product sectors.

Investment this year will amount to about DM 120m—still lower than the rate of depreciation, said the management. However, for the future, investment levels of around DM 200m a year are foreseen.

Court backs Dutch yard in dispute

By Charles Batchelor in Amsterdam

A DUTCH court has ordered dockyard workers at the VDSM yard near Rotterdam to end a go-slow which has delayed the construction of a Fl 200m ($98m) mobile dredging platform. The NKV and NVV industrial trade unions were ordered to pay Fl 100,000 a day for every day or part of a day that the go-slow continues.

A court injunction had been sought by Stevin Baggeren, a subsidiary of the Volker Stevin dredging and construction group, which feared that the delay of the platform delivery date would lose orders. The unions began the go-slow at VDSM, which is part of the Rijn-Schelde-Verolme group, to force the government to keep the yard open.

In his ruling, the judge in the Rotterdam district court said that the unions had not acted with sufficient care and their actions were injuring a third party not directly involved in the dispute. The government has taken over the responsibility for the losses of the new construction activities of the VDSM yard but has yet to obtain parliamentary approval for a restructuring plan for the yard.

It has put forward a proposal to stop the construction of complete vessels and to reduce it to an assembly yard. The unions have rejected this, saying that it is a first step towards the complete shut-down of VDSM's new construction activities.

Japanese link for Zanussi

BY RUPERT CORNWELL IN ROME

ZANUSSI, Europe's largest domestic appliance group, has signed a co-operation and technical agreement with Hitachi of Japan, which would form the foundation of a far-reaching collaboration between the two groups.

The deal was signed last week in Tokyo by Hitachi and Sig. Lamberto Mazza, president of Industrie Zanussi. It covers virtually the entire appliance field, from TV and hi-fi equipment to cookers, refrigerators, and washing machines.

The main, or so-called "general" agreement provides a framework for specific projects on both the technical and commercial sides. Zanussi and Hitachi have reached a separate agreement for the Japanese group to make available know-how in the hi-fi and TV sectors to Zanussi Elettronica SPA, the Zanussi group member which operates in that field.

The arrangements with Hitachi mark a further step in the international strategy of the Zanussi group, which last year reported sales of L840bn ($1bn). In February it concluded a deal whereby State-controlled Austrian concern Voest-Alpine took a 10 per cent stake in its capital, now enlarged to L80bn.

● Italy's State rail company, Ferrovie Dello Stato, expects its deficit in 1980 to widen by 41 per cent from an estimated L1,230bn this year, according to preliminary budget figures, AP-DJ reports from Rome.

The rail company, a major borrower on international financial markets, predicted its deficit would expand by L508bn to L1,740bn in 1980. Higher labour costs account for L376bn of the increase.

The forecast is based on a conservative estimate that traffic volume will expand by only 15 per cent during the year, the company said.

Belgian quote for Rodamco

By Our Amsterdam Correspondent

RODAMCO, the property ment fund launched by the Robeco group in March, plans to introduce its shares on the stock exchanges in Brussels and Antwerp on July 4. After placing around 4m shares worth Fl 400m ($196m) on the Amsterdam bourse on the launch date of March 22, a further 250,000 shares had been issued by the end of last month.

The investment forecast for the first financial year ending March 1980 is in line with the expectations expressed in the introductory prospectus. It then said that it expected to pay a cash dividend of Fl 3 per Fl 25 nominal share and make a stock distribution of 3 per cent in the first financial year.

Rodamco has now reduced the forward cover on the currency risk on the equity invested in U.S. dollars to 50 from 100 per cent at the time of the introduction.

The fund expanded its portfolio further with Hexalon Real Estate, a company in which Rodamco has a 36.5 per cent share, acquiring an office building of 18,750 square metres in Birmingham, Alabama. Negotiations on a number of other projects in the U.S. and Europe are under way.

Soerensen cuts payout as profits fall

By Hilary Barnes in Copenhagen

S.C. SOERENSEN, the wholesale and trading company, proposes a reduction in the dividend from 12 per cent to 10 per cent, after announcing that net earnings in 1978 are down to DKr 15.8m ($2.96m), compared with DKr 18.4m in 1977. Turnover increased from DKr 1.30bn to DKr 1.46bn ($273.41m).

The company said that there was hard competition in the market for its building materials

West German rail issue

By Our Financial Staff

THE WEST German Federal Railways (Bundesbahn) is to borrow DM 650m on the domestic capital market. Terms were set yesterday and include a coupon of 8 per cent, a maturity of 10 years and an issue price of 99¾. The offer compares with a recent funding by the German government which issued 10-year bonds at 99½ on a coupon of 8 per cent.

Swiss group boosts First Boston shareholding

BY JOHN WICKS IN ZURICH

THE SWISS holding company Financiere du Credit Suisse et de First Boston has increased from 25 to 55 per cent its participation in First Boston Incorporated, the parent company of the investment bank First Boston Corporation.

The stake was raised by the purchase of 677,000 First Boston shares at $12.7m or $18.75 per share.

Credit Suisse holds 49 per cent of SA Financiere which in turn owns the London-based Credit Suisse First Boston, merchant bank and other banks in Switzerland, France, Britain and the Far East.

First Boston owns the New York-based First Boston Corporation Investment Bank and holds 31 per cent of SA Financiere.

● Intershop Holding AG, the internationally-owned property development concern specialising in the building of shopping centres, recommends payment for the year ended March 31 of an unchanged dividend of SwFr 14 per share. Net profit for the period was SwFr 3.8m compared with SwFr 3.84m.

OECD estimates borrowing

PARIS — Borrowing on international markets totalled $8.98bn equivalent in May, according to the Organisation for Economic Co-operation and Development (OECD).

The OECD revised upwards the April total to $9.31bn from $8.50bn.

In May, internationally floated bonds totalled $1.64bn against $1.70bn in April, while bonds issued by foreign borrowers on domestic markets totalled $1.14bn, up from $1.05bn in April.

International bank loans totalled $6.20bn in May against April's $6.55bn.

Non-oil less developed countries' international loans rose to $4.62bn from $4.24bn.

In this category, Chinese borrowing rose sharply to $2bn from $1.05bn in April. Reuter

Oil price rises may start bond boom

BY JOHN EVANS

FIXED - INTEREST bond markets around the world may be poised for the same type of boom they enjoyed in 1974, according to the American Express International Banking Group.

The reason given is that a further deflationary impact is expected as a result of another big series of oil price increases by the Organisation of Petroleum Exporting Countries.

Bond markets in Switzerland, West Germany and the U.S. all recovered sharply during 1974, as international economic activity slowed down and eventually restrained inflation, the Amex Bank Review, the group's monthly economic publication, recalls.

The continuing oil price rises are effectively a "tax" imposed by OPEC on consuming countries which in the coming year, will amount to a further $45bn, the review says.

In real terms, the increase in oil revenues enjoyed by OPEC in 1979 to 1980 will be half as great as in 1973-74. But the deflationary impact could be proportionately greater, it says.

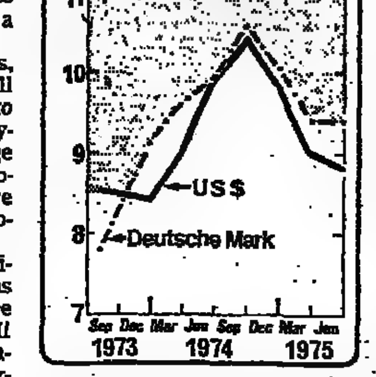
Unlike 1974-76, few industrial countries will introduce growth policies to counter the deflationary impact of oil prices. The experiences of Britain and Italy, which adopted expansionary policies in the mid-1970s and suffered savage currency crises as a consequence, will act as a cautionary lesson.

In addition, the review says, less developed countries will find it harder to borrow to cover their increased oil payments, given their existing large debts. Some individual developing nations will therefore have to reduce sharply their development programmes.

Lastly, consumption expenditure in the industrial nations will immediately experience deflationary pressure which will not be compensated by increased OPEC investment expenditure in the short run.

Such cumulative deflationary pressures on the world economy should bring down yields in the bond and money markets, the review says.

In 1974, there was a six-month lag between the oil price rise and the fall-off in interest rates. In part, this can be explained by the booming conditions in the world economy in 1974 and a rising inflation rate aggravated by high commodity prices.



In mid-1979, in contrast, the U.S. economy appears to be moving into recession, and the West German economy is predicted to slow down by end 1979.

While an oil price rise may give a mild short-run upward impetus to interest rates, the deflationary impact of high energy prices should reduce such influences, the review says.

It adds: "As the world economy slows down, under the pressure of the oil "tax" and fiscal restraint, falling inflation expectations will fuel a rise in bond markets. Quality differentials between top rated issues and others should therefore typically widen in the year ahead."

Nevertheless, the review admits that on the longer-term the outlook for dollar securities is less encouraging.

Rising oil imports mean the U.S. must either increase its rate of savings to pay for foreign oil or must attract foreigners to lend to the U.S. to finance energy imports.

"High real interest rates on dollars, by international standards, will be required to achieve this result."

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INTNTL. COMPANIES and FINANCE

Sharp jump in earnings Daewoo Industrial

RICHARDSON IN SEOUL

ATED net profits of lustrial Company one Korea's major indus-, jumped by 74 per 29.1m in the year to 1.

ccounts audited to nting standards by wick, Mitchell and how that total turn- 91 per cent to while operating t by 141 per cent to

figures exclude any from affiliated and lated subsidiaries, rofit figure includes x-attributable earn- this source. The the associated and ated companies en audited by Peat,

es just released by in its second annual accounts to be prepared in accordance with accepted foreign standards. Daewoo is the only Korean company to have presented its accounts in this form so far, although it is believed that the Samsung group is also considering such a move as a prelude to approaching foreign loan markets.

The Daewoo accounts show net earnings at the attributable level at $17.9m, an increase of 51 per cent over the previous year. However, earnings per share remained constant, at 26 cents, with new issues to shareholders having been made during the year.

The balance sheet shows shareholders funds as having almost doubled to $104m, while liabilities (excluding minority interests) rose from $562m to $1.05bn. Debt included $726m of short-term liabilities and $310m of long-term loans. The biggest change in the balance sheet was an increase of $232m in the amount of short-term loans outstanding.

On the asset side, current assets of $727m marginally exceeded current liabilities. There was an increase, of $124m to $160m in the value of work in progress.

A breakdown of operations by industry shows that 40 per cent of group sales were in the general trading area, while 36 per cent came from textile and general merchandise sales, and 23 per cent from heavy industry.

The major contributor to profit was the heavy industrial sector which contributed 41 per cent of operating income, while general trading accounted for 26 per cent.

CSR steps up minerals drive

ROGERS IN SYDNEY

versified Australian has revealed plans re development of with the release of annual report. group's traditional n agriculture were continue to perform larly with improv- r cattle and sugar— r was directing an amount of its mineral develop-

for the big Hall mine in North would be won end of the year, rong interest by rean and Taiwanese Mr. A. J. Campbell, general manager,

nt of the Yandicoogina iron ore deposit, near the Mt Newman mine in Western Australia, in which CSR already has a 20 per cent interest, would be brought forward, and a start-up could be in the late 1960s.

Oil shale studies are being carried out on the group's Julia Creek deposit in North Queensland. The project was suspended pended in he late 1960s.

A decision on a go-ahead by Nabalco Aluminium, in which CSR has an interest through Gove Alumina, on construction of an A$500m aluminium smelter near Newcastle, in New South Wales, would be made next year, but CSR was confident the project was sound.

A study was being undertaken, in conjunction with Fielder Gillespie into the feasibility of large-scale production in South Queensland of Cassava, an alternative source of starch.

The New Zealand Government had approved a joint venture study for the development of a pino forest resource to supply a thermo-mechanical pulp mill.

Traditional profit sources would provide higher sales and profits this year, it was said.

The stockmarket seems likely to be most highly interested in CSR's return to Julia Creek, with synthetic crude oil production capturing attention in the current world energy crisis. Mr. Campbell said that the deposit, which lies two-thirds of the way between Townsville and Mount Isa contained probable reserves of 770m tonnes of oil shale, with a further 2,500m tonnes of possible ore.

Shipping operations loss by Zim

NIEL IN TEL AVIV

Navigation Com- country's national rred a loss of $8m ing operations in result of the pro- e of local seamen t as a result of the ips and by drawing es accumulated in rs, the company after-tax profit of st $4m in 1977. ny's liquidity in- derably last year, helped by the sale of outmoded vessels, raising $30m of new capital on the local market, and the securing of long-term loans from international banks.

This has enabled the company to continue with its modernisation programme. It has acquired eight new ships over the past year and a half, has recently ordered two new large container ships from Holland for its Far East-U.S.-Europe-Israel service, and is to buy another 12, smaller, container ships for its European services and for those from Eilat, on the Gulf of Aqaba, to Far East destinations.

Zim's total turnover in 1978 reached I£9.35bn, an increase of 95 per cent on 1977. Its balance-sheet total rose by 33 per cent I£10.27bn. The volume of cargoes carried (excluding bulk cargoes carried by tramp;hips and not including oil) rose by 9 per cent to 5.9m tonnes.

Singapore Fodder joins new money list

IE LEE IN SINGAPORE

FODDER COM- ocal animal feed- fering 2.5m of its e public, and is ting on the Stock Singapore.

issue is the third ast four weeks in nd also the third s been priced at e.

shares, 2.32m will be new shares and the remaining 1800,000 will be provided by existing shareholders.

The 2.5m shares will constitute 25 per cent of Singapore Fodder's enlarged capital of S$10m.

The net tangible assets per share after the issue will be worth S$1.37. o

The company has projected group pre-tax profit of S$2.48m for the current year, ending December, lower than the S$2.82m chalked up in 1978.

Turnover last year amounted to S$25m, of which about 61 per cent came from local sales and the remainder largely from exports to Malaysia and Hong Kong.

The company has forecast a gross dividend of 10 per cent for the current year

Loan for Korean Development Bank

By Our Seoul Correspondent

THE GOVERNMENT-owned Korea Development Bank (KDB) is to raise US$600m by way of a syndicated loan managed by Bank of America, with Lloyds Bank and Bankers Trust company as co-agents. The loan, which is expected to be signed in Seoul late next month, will provide KDB with foreign exchange funds for on-lending to Korean industries.

The loan, which was initially planned at US$300m, will carry an interest rate of 0.625 per cent over the London interbank offered rate. It will be repayable over ten years.

Last month, KDB signed a loan agreement for US$128m with a syndicate of 28 Japanese banks, while in March it floated US$44m of bonds in Kuwait.

Firestone India to dilute foreign equity holding

By P. C. Mahanti in Calcutta

FIRESTONE TYRE and Rubber Company of India, a fully-owned subsidiary of the U.S. Firestone, is to fall in line with other foreign companies who have diluted their foreign holdings under the impact of the Foreign Exchange Regulations Act.

Firestone India will make a share issue to Indians soon, and its name has been changed to Bombay Tyres International.

The company has yet to announce whether it will reduce its foreign holding to 40 per cent of the total capital or whether it will keep a 51 per cent foreign holding, in line with some companies in the tyre industry which have been allowed to do so because a substantial proportion of their output is exported.

Nathan offer for McKenzie

By Dai Hayward in Wellington

THE NEW ZEALAND grocery group, L. D. Nathan and Co. which last December took over Woolworths (NZ), has made a NZ$7.26m for for another large New Zealand chain store — McKenzies NZ.

McKenzies, which has a chain of variety and food stores throughout New Zealand is a locally-owned company. Its 1978 balance sheet showed shareholders funds of NZ$12m, with fixed assets of NZ$11m.

Nathan's offer puts a value of 110 NZ cents on McKenzies 50 cents shares, which have been trading at 100 cents.

ANZ capital increase

ANZ BANKING GROUP shareholders approved at an extraordinary general meeting in Melbourne yesterday a one-for-four issue of A$1 shares to be made by capitalising A$25.25m of the share premium reserve, writes our financial staff.

The issue will increase the bank's paid capital from A$101.4m to A$126.7m. The new shares will rank equally with the existing shares and for all dividends for the year to September 30.

The shareholders also approved an increase in the bank's authorised capital from A$125m to A$200m.

THE JOBS COLUMN

Careers advice: French connection no match for British

BY W. P. KIRKMAN

COMPLAINTS ABOUT lack of communication between British higher educational institutions and employing concerns have been commonplace for a decade or more. But if you mention the Standing Conference of Employers of Graduates to a careers adviser in a university or polytechnic here, the adviser will certainly know what you are talking about.

A lot of British students also know what SCOEG is. Even those who do not, however, will know that their institution's careers advisers know. Moreover, the students will expect the advisers to be well informed about employers in all major fields of work, and about the actual jobs they have to offer.

The same could not be claimed for communications between higher education and employment in France. Few students there would expect a university to employ people to know, or even be much concerned with, details of jobs or the organisations where they are available. In general, French university teachers are not interested in the topic.

Institutions have offices of "orientation" and careers carrying out duties imposed on the French universities under a law of 1968. But the offices' staff limit their activities and so provide only part of what in Britain would be considered a normal careers advisory service.

The French staff can scarcely do otherwise, since they are few in number and have to operate with resources which, by comparison with those available to me and my fellow advisers in the UK, are severely limited. Our counterparts across the Channel tend also to be held somewhat at arm's length by the academic staff of their institutions.

Envious

It is true that a senior academic in each university there must take responsibility for its *cellule d'information et d'orientation*. And those with this responsibility whom I met during a recent visit took the duty seriously and carried it out with some enthusiasm.

Even so, they seemed often to be voices crying in an academic wilderness, and the full-time staff of the *cellules* enjoy nothing like the salary or status of their academic counterparts. The concept of careers work ranking as a university department and staffed by people holding posts equivalent to academic level was viewed enviously by the French staff to whom I talked.

A comparison of the systems in the two countries must, of course, take account of other major differences.

The first is the position of the French institutions — the universities which generally do not select their incoming students individually, and the *grandes écoles* which are highly selective, and teach subjects including engineering and business studies. Graduates from the *grandes écoles* are part of a much-favoured, greatly desired elite, and are in a seller's market. The universities enjoy nowhere near the same prestige and in that respect cannot be compared directly with British universities.

A second important difference is in the attitude to qualifications and their relationship to jobs obtained. The Frenchman expects that a qualification will lead in a specific career direction, and conversely, that the absence of the set qualification will preclude a graduate from moving in that direction. The idea that history or chemistry graduates could (and in the UK frequently do) become production managers or chartered accountants was greeted with astonishment when I spoke about it to staff of various *cellules d'information*. It follows from this that much of the emphasis in careers advice is on what is the appropriate choice of subject to study, or the appropriate postgraduate qualification to pursue, and that much less attention is paid than in Britain to personal tastes, aptitudes and attitudes.

Because of the limited number of advisory staff, and the job/subject relationship, the advisers do not operate, as their counterparts in Britain do, as a regular means of liaison between the universities and the outside world.

Yet the need for such a means of liaison is accepted, to judge from various pieces of evidence. For example, at the *Haute Ecole Commerciale*, one of the *grandes écoles*, near Versailles, a member of staff is concerned with external relations. His brief covers discussions about the use by firms of the associated *Centre de Formation Continue*, as well as discussions about recruitment. Employers make visits in October, to give general presentations about their activities, and in the period April to June when specific recruitment interviews take place. One of the tasks of the staff is seen as being to encourage students to widen their horizons.

Bulletins

Another example is found in the activities of APEC (the *Association pour l'Emploi des Cadres*), an organisation set up jointly by employers and trades unions to provide advice and information about recruitment, and about specific vacancies, to university-level students. Its information sheets and its vacancy bulletins are available on request to the *cellules d'information*.

A third example was the development, which I happened to come across in Grenoble, of a system of *bourses de l'emploi* (a kind of job stock-exchange) operated by senior academic staff, on a voluntary basis, for the benefit of their students.

The reason why the need for this kind of liaison is coming to be recognised is to be found in the drastic changes that have occurred in recent years in the worlds of higher education and employment. Expansion has been enormous, and each year now thousands of students emerge from the universities, at a time when in France, as in other industrialised countries, total numbers employed in industry have been falling.

The system of liaison could not grow easily, because it challenges all sorts of national assumptions (about the status of the universities and about subject/job relationships for instance), and because it would imply many changes of practical approach. It would involve, among other things, acceptance of wholehearted careers activity as a full and proper part of the tasks of a university. This could hardly come under the present conditions when academic staff, necessarily concerned about their own career paths in a highly competitive field, will risk sacrificing their own prospects if they devote much time to careers-advisory matters (unless they have already established their position, at the top of the academic tree).

Status

Inevitably, however, there will be problems of status and acceptability unless the activity is seen as a full part of the university's affairs rather than, as now, as an "extra," grafted on and provided by the Ministry of Universities. (That this system works as well as it does must be due in no small measure to the sensitive enthusiasts of Mme. Auvergne, the Ministry official mainly concerned with her *cellules*.)

It would be unrealistic and arrogant to assume that one country's systems could or should be translated lock, stock and barrel to another, or that they would be suitable if the translation were possible. National habits and the particular social framework in each country must play a crucial role in shaping the systems.

Many of the problems of employment, however, know no national boundaries, or at least, none among the industrially developed states. In facing them, at graduate level—and *admittedly graduate employment* is but one aspect of a far wider set of difficulties—the British university and polytechnic careers-advisory system does seem to confer some substantial benefits. With European comparisons so often to Britain's disadvantage, this may be reason for encouragement.

(Bill Kirkman runs the Cambridge University Careers Service.)

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Age: Not under 30 years.

Duties: The selected candidates will be required to perform all duties relating to the preparation of the Corporation's Final Accounts and to supervise all subordinate staff in the management accounts and consumer/billing sections.

Salary: Attractive and negotiable according to qualification and experience.

2. CHIEF ACCOUNTANT

Qualifications: Membership of a recognised professional accountancy body with at least five years' experience in a senior post of a similar organisation.

Age: Not under 35 years.

Duties: The Management Accountant should be responsible for the preparation of budgets and management reports.
He will be required to supervise the management accounts and billing sections and will report to the Financial Controller.

Salary: Negotiable according to qualification and experience.

Applications in candidates' own handwriting with complete curriculum vitae giving the names and addresses of 2 referees plus copies of Certificates and Testimonials should be sent to the General Manager, Sierra Leone Electricity Corporation, Private Mail Bag, Freetown, Republic of Sierra Leone.

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Candidates, ideally about 35, must be Chartered Accountants who are already managing an accounts department in a manufacturing company or division of a group. E.D.P. experience is essential. The wider business role envisages a person of above average commercial and financial acumen who can help in defining the Company's future business strategy. Benefits include removal assistance.

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Wall St. dips 4.85 on discouraging news

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DISCOURAGING NEWS on energy, inflation and the dollar, forced Wall Street yesterday to give up almost all the ground it gained last week.

The Dow Jones Industrial Average came back 4.85 to 844.25 and the NYSE All Common Index dipped 31 cents to 57.90, while declines outpassed advances by 1,004-to-483. Trading volume, however, decreased 5.1m shares to 31.43m.

Investors were worried about the inflationary impact of oil price increases expected to emerge from the meeting of OPEC Oil Ministers and continued dollar weakness.

Soaring grain prices on Commodity Markets raised the spectre of upward price pressures on both food and fuel, analysts said. Compounding those worries, they said, is the strike by Independent Truck drivers which could put further upward pressure on food prices.

With continued dollar weakness and upward pressure on prices, the Federal Reserve is unlikely to ease its current tight credit policies. Some analysts predicted a rise in the Discount Rate from the present 9½ per cent.

Long lines at Gasoline Stations were likely to take a toll on consumer confidence, analysts said, raising fears of a more severe economic slowdown. They also said investors were taking a cautious posture ahead of figures on May Consumer Prices, due to be released today.

Adding to worries about consumer spending was the continuing slide in U.S. New Car Sales, which fell 27.5 per cent in mid-June from a year earlier. **General Motors** lost $¼ to $59⅞ but **Ford Motor** held unchanged at $43⅞.

Volume leader **Chrysler** held *unchanged at $10⅞—it jumped* 2¼ on Friday after a Trade Paper said Volkswagen would make an offer for Chrysler's stock. Both companies denied the report.

Gaming shares were weak again. Active **Caesars World** lost $1¼ to $29⅜ and **Bally Manufacturing** also $1¼ to $40⅝.

Charter Co dropped $4⅞ to $30⅜ and the Warrants also $4⅞ to $26—it disagreed with a published report that its plans to gain control of a Bahamian refinery were in trouble, saying it still expects its bid to succeed.

***Berkey Photo** tumbled $1⅞ to* $5—a U.S. Appeals Court overturned most of the $87.1m in damages awarded Berkey in an Anti Trust Suit against Eastman Kodak.

IBM slipped $⅜ to $73⅞, **Du Pont** $⅞ to $129⅞, **Superior Oil** $15 to $420, **Teledyne** $⅞ to $126⅞, **Minnesota Mining** $⅞ to $57 and **American Telephone** $¼ to $57⅞.

Takeover news spurred spectacular Over-the-Counter Market gains. **Fidelity Union Life** surged ahead $29 to $64 bid—directors will recommend holders *accept a merger offer of $72.50* per share from Allianz Versicherungs Ag of West Germany.

Atlantic Steel soared $21 to $37 bid after Ivaco of Montreal said it would tender for all Atlantic Steel's shares at $40 apiece.

THE AMERICAN SE Market Value Index lost 0.52 to 199.73. Losses led gains by 359 to 246 as volume eased to 3.76m shares from 4.41m on Friday.

Volume leader **Resorts International "A"** dropped $1⅞ to $40⅝ and **Golden Nugget** shed $⅜ to $21⅞.

Among Energy shares, **Great Basins Petroleum** slipped $¼ to $12⅞, **Canadian Superior Oil** $¼ to $124¼ and **Dynalectron** $¼ to $10⅞.

Canada

Markets closed lower in fairly active trading yesterday, when the Toronto Composite Index shed 1.0 to 1,603.0.

The Metals and Minerals Index dipped 12.3 to 1,366.0 and Oil and Gas lost 6.3 to 2,838.2. But the *Gold Index* moved up 25.7 to 1,907.8.

Chrysler were active but fell $⅞ to $11⅞—Chrysler and Volkswagenwerk have denied VW intends to bid for the company.

Among retreating Oils, **Canadian Occidental** fell $1½ to $41½, **Canadian Superior** $2 to $145, **Gulf Oil Canada** $⅞ to $62⅞, *Shell Canada $⅞ to $23⅞* and **Hudson's Bay Oil** $¼ to $72¼.

In Golds **Dome Mines** rose $1 to $46 and **Giant Yellowknife** $¼ to $11¼.

Germany

Share prices began the week on a brighter note, with all major issues gaining *ground*. Bourse sources ascribed the firmer trend to persistent rumours VW is considering buying into Chrysler, despite *company denials*.

Motors were particularly firm with **Daimler** improving DM 6.50 and **VW** DM 5.10.

Among Stores, **Karstadt** added *DM 4.00 while*, **Deutsche** led Banks DM 1.30 higher.

In Chemicals, **Hoechst** were up DM 1.40.

In Electricals, **Siemens** gained DM 4.10.

On the Domestic Bond Market a more general optimistic mood was heightened by the enthusiastic response to the new Railways Loan, and Public Authority stock gained up to 30 pfennigs despite DM 32.9m in open-market sales by the Bundesbank.

Mark Foreign Loans were also firmer.

Amsterdam

Prices closed mostly firmer, with **Royal Dutch** up Fl 2.40, while **Hoogovens** and **Unilever** were each Fl 1 higher.

Deli rose Fl 4.80, **Heineken** Fl 2.50, and **Pakhoed** Fl 2. **Van Ommeren** shed Fl 1.50, **HVA** Fl 1 and **Ennia** Fl 0.50.

State Loans were steady.

Brussels

Belgian shares were mostly higher in very quiet trading.

In Foreign stocks, Germans, Canadians, French and Dutch also were higher, while U.S. and UK issues were little changed. Gold Mines were steady.

Milan

The market closed mixed to lower in fairly active trading.

Leading Industrials lost ground, *but **Montedison** were firm.* **Assicurazioni Generali** lost recent gains in Insurances, while **Mediobanca** rose L200 in Banks. Financials were mixed.

Bonds were quietly steady.

Switzerland

Prices were steady in a small turnover ahead of the OPEC meeting in Geneva.

Banks were steady, while Financials firmed slightly led by **Moevenpick Electrowatt**, **Oerlikon-Buehrle** and **Saeg II**.

In Insurances, **Baloise** *Registered almost recouped* coupon cessions.

Leading Industrials fluctuated narrowly, while in Utilities **KW** and **EG Laufenburg** rose on good demand.

Tokyo

Share prices closed higher in moderate trading, led by Shippings and some "low-price" issues. Volume 230m shares. But trading slowed in the afternoon ahead of this week's OPEC Meeting and Tokyo Economic Summit.

Sanko Steamship *rose* Y12 to 375, reflecting a recovery of the International Freight Market, while **Japan Line** rose Y6 to 187.

Oils and Mineral Resources rose initially, but closed lower on liquidations. **Nippon Oil** was down Y10 to 1,520 and **Toa Nenryo** Y16 to 838.

Shipbuildings were mixed, while Export-Orientated Electricals continued to fall.

Australia

Prices firmed with Industrials generally *outperforming Minings*, and the turnover was boosted by a number of options exercises.

Ahead of the OPEC meeting, some Energy stocks stood out, among them the Rundle Oil Shale Twins. **Southern Pacific** gained 14 cents to A$5.04 and **Central Pacific** rose 50 cents to A$13.20.

Woodside Petroleum put on 2 cents to 78 cents. **BHP** improved 12 cents to A$8.76.

Bank of New South Wales added 4 cents at A$3.50 and **ANZ Bank** 16 cents at A$4.56.

James Hardie Asbestos shed 5 cents to A$3.35 ahead of its annual results: profits rose 31 per cent to A$21.58m plus a higher dividend.

Among Minings **Pancontinental** eased 10 cents to A$11.70, but **Queensland Mines** gained 2 cents to A$2.85.

Johannesburg

Gold shares were firmer in moderate trading in line with the higher bullion price. Some London interest was noted.

Against the trend **Buffels** lost R1.20 cents to R17.00 xd. **Randfontein** rose R1.75 cents to R58.25, while gains elsewhere ranged to 100 cents.

Mining Financials were little changed.

Coppers and Platinums were steady.

Industrials were harder on balance, with **S. A. Breweries** up 2 cents at R1.57 following *its annual report*.

NEW YORK

Stock	June 25	June 22
Abbott Labs	34½	35¼
AM International	14¾	15½
Adobe Oil & Gas	29¾	30¼
Aetna Life & Ca.	51⅝	51⅝
Air Products	30⅝	31
Alcan Aluminium	35¾	33¾
Alcoa	63¼	63¼
Alleg. Ludlum	17¾	18¼
[illegible]	[illegible]	[illegible]

Stock	June 25	June 22
Control Data	40¼	40⅝
Cooper Indus.	55⅛	55½
Corning Glass	58½	59¾
CPC Int'rnation'l	51⅝	51⅝
Crane Co.	29½	29⅞
Crocker Natl	29	29½
Crown Zellerb'h.	36½	36⅝
Cummins Engine	33⅞	34
Curtiss Wright	15⅝	15⅞
Dana	27	27¼
[illegible]	[illegible]	[illegible]

Stock	June 25	June 22
Johns Manville	24½	24⅝
Johnson Johnson	72⅝	72⅞
Johnson Control	29	28¼
Joy Manufacturg	34⅞	35⅝
K. Mart	27⅝	27⅞
Kaiser Alumini'm	18¾	19⅛
Kaiser Industries	2	2
Kaiser Steel	35⅛	36⅝
Kaneb Services	17	17½
Kay	15¼	15¼
[illegible]	[illegible]	[illegible]

Stock	June 25	June 22
Revlon	46¾	47¼
Reynolds Metals	33⅝	33⅝
Reynolds (R.J.)	56⅝	56⅝
Rich'son Merrell	20⅝	20⅞
Rockwell Inter.	37⅞	38¼
Rohm & Haas	39	39¼
Royal Dutch	72⅝	70¼
RTE	10⅛	11
Ross Togs	10⅛	10¼
Ryder System	21	20⅞
[illegible]	[illegible]	[illegible]

Stock	June 25	June 22
Williams Co.	20½	19⅞
Wisconsin Elect.	26⅜	26⅝
Woolworth	26⅞	27⅛
Wyly	5⅞	5⅝
Xerox	62⅝	62⅝
Zapata	19¼	18⅞
Zenith Radio	12⅝	12¾
U.S. Treas.4%'80	†96¼	†96¼
USTreas4¼%75/85	†85¼	†85¼
U.S. 90-day bills	8.77%	8.96%

Stock	June 25	June 22
ComputerScienc	12½	12⅝
Conn Life Ins	36⅝	36¾
Conrac	14⅞	14¾
Con. Edison NY	24⅞	24½
Consol Foods	22⅞	23⅞
Consol Nat. Gas	40½	40
Consumer Power	22⅜	21⅞
ContinentalGr'up	28⅞	29⅞
Continental Oil	37¼	37¼
Continental Tele	16¼	16½

Stock	June 25	June 22
Intl. Harvester	39¼	39¼
Intl. Min & Chem	48½	48
Intl. Multifoods	19¾	19⅞
Inco	20⅛	20⅛
Intl. Paper	44⅞	45⅛
Intl. Rectifier	13¼	14⅛
Intl. Tel & Tel.	29	29
Iowa Beef	22	22¼
IU International	12⅝	13
Jim Walter	31½	31½

Stock	June 25	June 22
Procter Gamble	78½	78⅝
Pub. Serv. Elec.	21½	21⅝
Pullman	31½	32⅛
Purex	15⅝	16⅛
Quaker Oats	23⅞	24
Rapid American	17⅛	17⅞
Raytheon	48⅞	48⅞
RCA	25	25⅛
Republic Steel	27	27⅞
Resorts Intl.	40⅝	42⅞

Stock	June 25	June 22
Wallace-Murray	23⅝	23⅞
Warner-Commn.	34⅛	34⅝
Warner-Lambert	24	24¼
Waste-Man'ment	32½	32⅞
Wells Fargo	28	28⅝
Western Bancorp	29⅝	29½
Western N.Amer.	35	35
Western Union	22½	23⅛
W'stinghse Elec.	19⅞	19⅞
Weyerhaeuser	29⅝	29⅞
Whirlpool	21	21
White Con. Ind	26¼	26⅛

CANADA

Stock	June 25	June 22
Toronto Dom.Bk.	22⅝	22⅝
TransCanPipeLn	23⅝	24
TransMount Pipe.	10¾	10⅞
Trizec	†20¼	†19½
Union Gas	10¼	11⅛
UntdSiscoe Mnes	9⅛	10½
Walker Hiram	41⅞	41¾
West Coast Trans	15¼	14⅞
Weston (Geo.)	25	25¼

† Bid. ‡ Asked. § Traded. ‖ New stock.

EUROPEAN OPTIONS EXCHANGE

Series			July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN	C	F.350	—	—	—	—	2	6.50	F.342.50
ABN	C	F.364.20	—	—	2	2.50	—	—	"
AKZ	C	F.27.50	—	—	2	2.50	30	3.30	F.28.50
AKZ	C	F.30	107	0.40	73	1.40	49	2.20	"
AKZ	C	F.32.50	1	0.10	—	—	—	—	"
AKZ	C	F.35	—	—	60	0.30	—	—	"
AKZ	P	F.27.50	2	0.30	—	—	—	—	"
AKZ	P	F.30	10	1.40	4	1.70	—	—	"
ARB	C	F.70	4	0.90	—	—	2	3.30	F.70
EK	C	$50	1	8⅛	—	—	—	—	$58⅛
HO	C	F.30	—	—	10	2.50	2	3.60	F.31
HO	C	F.32.50	137	0.30	61	1.30	22	2.20	"
IBM	C	$75	20	1⅝	10	5⅛	—	—	$74
KLM	C	F.100	85	5.50	29	6.30	8	7.50	F.105.30
KLM	C	F.110	22	0.70	30	2.60	30	4	"
KLM	C	F.120	—	—	—	—	8	2	"
KLM	C	F.130	5	0.10	—	—	—	—	"
KLM	P	F.100	111	0.50	155	4.20	5	5.80	"
KLM	P	F.110	11	5.10	135	10.10	—	—	"
KLM	P	F.120	—	—	5	21.90	—	—	"
PET	C	Fr.4400	—	—	1	550	—	—	Fr.4880
PET	C	Fr.4800	—	—	7	375	1	480	"
PET	C	Fr.5000	13	80	15	280	5	380	"
PHI	C	F.22.50	23	2.10	—	—	6	3.40	F.24.30
PHI	C	F.25	—	—	55	1.40	47	1.80	"
PHI	C	F.27.50	—	—	60	0.60	10	0.80	"
PHI	P	F.25	1	0.90	5	0.90	—	—	"
PHI	P	F.27.50	—	—	10	3.10	—	—	"
RD	C	F.120	—	—	1	25	—	—	F.145
RD	C	F.130	6	15	20	14.70	—	—	"
RD	C	F.140	117	5.40	4	6.50	24	8.20	"
RD	C	F.145	105	1.30	78	3.70	203	4.50	"
RD	P	F.130	—	—	60	0.50	—	—	"
RD	P	F.140	140	0.30	—	—	52	2.20	"
RD	P	F.145	50	1.80	1	5.30	20	6.50	"
UNI	C	F.130	1	0.30	—	—	—	—	F.124

TOTAL VOLUME IN CONTRACTS 2369

C = Call P = Put

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Banks Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	13 %
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12%, and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. *Δ* Interim since increased.

GERMANY ◆

June 25	Price DM.	+ or —	Div. %	Yld. %
AEG	49.9	—0.2	—	—
Allianz Versich.	446	+4	31.2	3.5
BHF BANK	193.5	—	—	—

TOKYO ¶

June 25	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	548	—1	14	2.0
Canon	535		12	1.1
Casio	715		25	1.7
Chinon	330		20	3.0

Indices

NEW YORK —DOW JONES

	June 25	June 22	June 21	June 20	June 19	June 18	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	844.25	849.10	853.40	857.40	843.30	845.64	878.72 (18/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.55	85.47	85.26	85.35	85.51	85.48	85.30 (2/2)	82.92 (8/5)	—	—
Transport.	246.85	252.48	240.11	238.75	240.80	240.02	245.87 (12/6)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	105.11	105.39	105.58	105.35	105.28	105.31	105.75 (15/6)	98.51 (16/5)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	31,430	36,610	30,880	31,130	33,010	37,210	—	—	—	—

◆ Day's high 850.83 low 839.66

Ind. div. yield %	June 22	June 15	June 8	Year ago (approx.)
	5.97	6.01	6.07	5.66

STANDARD AND POORS

	June 25	June 22	June 21	June 20	June 19	June 18	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	115.28	115.84	115.30	112.75	112.70	112.80	116.60 (8/1)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	102.09	102.64	102.09	101.65	101.59	101.56	103.54 (10/4)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	June 20	June 13	June 6	Year ago (approx.)
Ind. div. yield %	5.30	5.24	5.28	5.07
Ind. P/E Ratio	7.91	7.98	7.92	9.11
Long Gov. Bond Yield	8.87	8.81	8.95	8.52

N.Y.S.E. ALL COMMON

June 22	June 21	June 20	June 19	1979 High	1979 Low
58.21	57.91	57.65	57.58	58.18 (10/4)	53.88 (27/2)

Rises and Falls	June 25	June 22	June 21
Issues Traded	1,892	1,894	1,893
Rises	483	846	873
Falls	1004	633	567
Unchanged	405	415	453
New Highs	—	—	62
New Lows	—	—	12

MONTREAL

	June 25	June 22	June 21	June 20	1979 High	1979 Low
Industrial	—	275.42	272.80	269.75	275.42 (22/6)	218.18 (2/1)
Combined	—	271.42	269.04	268.37	271.42 (22/6)	225.80 (2/1)
TORONTO Composite	1603.0	1604.0	1594.9	1582.9	1604.0 (22/6)	1315.8 (2/1)
JOHANNESBURG Gold	302.6	305.0	299.1	296.1	305.4 (25/6)	223.4 (17/4)
JOHANNESBURG Industrial	307.2	304.2	298.4	295.4	308.0 (22/6)	276.5 (8/1)

COMMODITIES and AGRICULTURE

'Butter price ...ts will ... short-lived'

ISTOPHER PARKES

RS hoping to take tage of the new Com- ket butter subsidy vise to stock up in the weeks, merchants ad- rday.

's and distributors at although the shop utter will fall next p to 6p a pound, it eadily over the next e months back to cur-

now sells on average pack," one leading 1. "We expect that)p or 30.5p for half a week when the EEC kes effect but the be back to 33p in a nonths at the most." e prices of butter lepressed for the past ıs. Although some e gone up, most sup- still selling at about ıe below the com- port price which rose year by the equiva- a pound when the lministration engin- er cent devaluation of pound."

pending increase is ed to reach the retail ly smartly.

th butter in imperial been getting rid of s before the switch icks next month, and re, too, has helped below official levels. in to the earlier de- he market has also ie impact of the new adjustment won by Walker, Minister of in Luxembourg This will shortly esale price by an- tonne, traders said. n that happens the ffects of the Com- sumer subsidy will cancelled out com-

Traders were also concerned that the subsidy was to be paid only until the end of the current dairy year.

One distributor said that he had been expecting the Ministers of the Nine to agree to a permanent subvention to help boost flagging butter sales in Britain. But since the issue would have to be negotiated all over again at next year's price review the trade could look forward to another period of "desperate uncertainty" next spring.

● The amount of milk sold by British farmers to dairies and creameries last month was 0 3 per cent lower than in May last year, the Milk Marketing Board reported.

But production in the year to May was still almost 3 per cent higher than in the comparable period of 1977-78.

Semi-official West German figures show that milk production in the Community is still rising. In the first four months of the year EEC output rose 2.3 per cent. Biggest increases were recorded in Holland (+5.1 per cent), France (2.4 per cent), Ireland (8.4 per cent), and Belgium (3.9 per cent).

Record Soviet oils and fats

THE USSR may be forced to more than double its imports of oils and fats this season to a record 600,000 tonnes, because of smaller than expected domestic output.

The Hamburg-based weekly publication Oil World estimates that an increase of about 360,000 tonnes of imports over last season's level will be necessary to offset a drop of 235,000 tonnes in domestic production. Reuter.

Lead lower as stocks increase

By Our Commodities Staff

LEAD PRICES fell again on the London Metal Exchange yesterday in the wake of a larger-than-expected increase in official warehouse stocks last week.

Reserves rose 1,625 tonnes to 18,850 tonnes and the price of spot lead dropped £21 to £602 at the close. Three months metal was £6.75 lower at £570.5 a tonne. The decline was also prompted by the strength of sterling on international exchanges.

Copper prices stood up well to the effects of sterling's vigour, closing barely changed on the day.

Cash wirebars were £0.5 higher at £891 and three months rose £1 a tonne to £905.25.

LME warehouse stocks of copper fell 6.525 tonnes to 197.575, reserves of tin were down 525 tonnes at 1,810, and zinc stocks were also 525 tonnes down at 66,050 tonnes.

Aluminium holdings rose 750 tonnes to 24.575 tonnes, while silver stocks were 140,000 troy ounces lower at 19.25m.

Pakistan lifts cotton export ban

KARACHI — The Pakistan Government has lifted its ban on the export of staple cotton, imposed on December 12, and will put 200,000 bales on the market.

The ban had been imposed to protect supplies to the domestic industry following a poor crop of 2.6m bales.

The Government said its decision to lift the ban follows a reassessment of mill demand

A spokesman for the Cotton Export Corporation declined to comment on a report that the ban had cost Pakistan $10m in settlement of advance contracts and that it stood to lose more by selling late. Reuter.

Jamaican sugar hit by floods

BY CANUTE JAMES IN KINGSTON

JAMAICA MAY not be able to meet its sugar export commitments this year following the destruction of hundreds of thousands of tonnes of sugar cane by floods which a fortnight ago devastated the western section of the island, killing 41 people.

The island's sugar authorities had planned to export more than 300,000 tonnes of sugar this year, of which 120,000 tonnes was earmarked for the European Community under the Lome Convention.

However, following the floods, Mr. Seymour Mullings, the Agriculture Minister, said he doubted the island could meet export commitments, and that a shortfall would have serious consequences for the island's economy which is chronically short of foreign exchange.

The island's banana production has also been affected by the floods, and exports of the fruit to the UK will be low.

The Banana Board said the floods had destroyed an estimated 2,500 tonnes of fruit on 3,500 acres, representing foreign exchange losses of £650,000 on the British market.

In an effort to rehabilitate the sugar industry, the Agriculture Ministry is contemplating suspending the current crop in the affected areas in another fortnight, and using an estimated 275,000 tonnes of cane left over to start the next crop in November.

The Agriculture Minister has put losses from the floods at U.S.$22.1m. Crop damage has been estimated at $9m and that to farm roads and livestock at $3.1m.

Losses in foreign exchange earnings have been estimated at $10m.

New Brazilian frost boosts coffee prices

BY RICHARD MOONEY

COFFEE PRICES moved higher on the London futures market yesterday following news that localised frosts struck southern Brazil on Sunday night.

The frosts hit the non-coffee growing states of Santa Catarina and Rio Grande do Sul, where an overnight temperature of minus 2.5 degrees Centigrade was recorded in one place.

But Brazilian Weather Department sources said the frost risk in the country's coffee states had receded. They said the cold front over northern Argentina, which had been causing concern among southern Brazil's coffee growers since late last week, was becoming less intense.

News of the frosts boosted London prices briefly yesterday morning but the gains were quickly pared by profit-taking and trade selling. The September coffee futures price slipped to £2,015 a tonne before ending the day £13 higher at £2,052.5 a tonne following a late rally prompted by a stronger-than-expected opening in New York.

Cocoa prices fell sharply yesterday morning but losses were later trimmed as dealers covered against "short" sales.

New York's decline on Friday, after the London market had closed, encouraged lower prices at yesterday's London opening. And with the continued strength of sterling further depressing the market the nearby September position established a £40 permissible daily limit fall at one stage.

But short-covering lifted values and by the close September cocoa was quoted only £26 down at £1,599.5 a tonne.

Oil threat to Lobster fishing

LOBSTER fishing grounds off Selsey Bill are threatened by oil from the overturned tanker, "Tarpenbek."

The ship capsized over the weekend while awaiting salvage following a collision in thick fog last week. On board is 1,100 tons of lubricating oil which is proving difficult to move.

The 44 lobstermen at Selsey are waiting to see if the cargo seeps out in the middle of their fishing grounds. They have agreed to move 500 pots from a sandbank which may be needed to ground the German-owned tanker.

NZ FARM TRADE

China knits its way into the wool market

BY DAI HAYWARD IN WELLINGTON

CHINESE IMPORTS of New Zealand wool have doubled so far this season but industry experts here believe this could be only the beginning of a major expansion.

New Zealand Wool Board technician, Mr. Roger Buchanan, who recently led a technical delegation on a visit to China, thinks that country could be one of New Zealand's biggest wool customers within a decade.

Booming demand for knitting wool pushed Chinese purchases from New Zealand to 67,700 bales in the first nine months of the current season compared with 32,900 bales a year earlier.

But China is poised to expand and up-date its textile industry. The Government is giving high priority in its economic development programme to the modernisation of the textile industry and is planning for greatly increased wool consumption.

At present China is the seventh biggest buyer of wool from New Zealand which accounts for more than 60 per cent of its imports.

China's own wool production, estimated at between 40,000 and 45,000 tonnes a year, is mainly carpet wool. Australian Wool which supplies the remainder of China's imports is used to produce fine worsted materials intended mainly for export.

Chinese winters are usually fairly severe and homes have a relatively low level of domestic heating so large quantities of warm clothing are essential, says Mr. Buchanan.

New Zealand believes it can expand uses for its wool beyond the vast knitting wool market and tap other areas of the huge domestic Chinese market.

This would provide a new substantial consumer group for NZ wool products.

New Zealand is knowledgeable on wool technology and this team of experts, covering all facets of wool processing, spent many sessions with officials and indutrial planners. They spent more than 50 hours of meetings with the Chinese explaining and presenting the capabilities of NZ wool. They found the Chinese were particularly interested in modern techniques of moth-proofing and flame-proofing.

Scouring technology, testing procedures, modern processing—particularly in the early stages of wool manufacture—were all explained in detail.

The team also visited several woollen mills and discovered that while some were equipped with modern and efficiently run machinery there is still a big need for modernisation.

The Chinese are planning to instal new textile processing equipment and were interested in all the New Zealanders could tell them on modern technology.

Mr. Buchanan says Chinese officials are placing considerable importance on developing and encouraging the hand knitting field. With a large, established base in this area, New Zealand is well poised to expand into other wool processing areas.

In facing up to the problems they will have in financing their rapid industrial development the Chinese are giving more favourable consideration to expanding the textile industry than they are to some of the other proposed heavy industry developments.

Clothing and textile goods are regarded as important in lifting the living standards of the population.

Glut depresses Jersey potato prices

BY OUR COMMODITIES STAFF

JERSEY new potatoes should soon be selling at 9p to 11p a pound in British shops—some 3p a pound cheaper than at the same time last year.

Harvest hold-ups, caused by recent torrential rain, have caused a temporary glut which will have to be sold off cheaply.

The British Potato Marketing Board, however, said the influx of heavy shipments from the Channel Islands was unlikely to have any damaging impact on UK farmers' prices.

Earlier this month heavy rain in Jersey prevented farmers from getting into their fields at the time they expected to be taking advantage of the high prices prevailing in Britain. At one stage only 8 per cent of the normal tonnage was being lifted.

Now, however, the harvest is getting back into full swing, and 2,000 tonnes a day are being dug up.

"Such large quantities as these have to be sold off very cheaply," Mr. Roy Mourant, chairman of the Jersey Agricultural Marketing Federation said.

"Some growers are not even breaking even, but it is good news for the housewife because new potatoes will be at bargain prices for the next couple of weeks."

Island farmers were badly hit by the weather last winter and during the spring. More than 80 per cent of their cauliflower crops were killed during the winter, and spring tomato yields were cut by half.

To help relieve the current new potato glut the Jersey marketing authorities have been operating temporary bans on all potato harvesting until the backlog is cleared.

Meanwhile, European crops of summer fruit should reach "normal" levels, according to a report from the Organisation for Economic Co-operation and Development.

Output in the U.S. is likely to increase sharply. Bartlett pear production, for example, is expected to be 14.5 per cent higher than last year. There should be 8 per cent more peaches and 25 per cent more nectarines.

Production of apricots in the U.S. is forecast to increase 46 per cent.

The OECD predicts a 14 per cent rise in French output of summer pears, and 5.3 per cent more peaches. Peach and pear production in Italy, on the other hand, is expected to fall slightly, while the apricot crop could fall more than 8 per cent.

The plum harvest is forecast to increase 21 per cent in France, and fall 26 per cent and 12.5 per cent in West Germany and Italy respectively.

...in harvest prospects brighten

...S FOR grain crops Europe and the U.S. ved recently, while er is hampering ıe USSR, writes our s staff.

ternational Wheat yesterday that U.S. wheat output may al forecasts in some ough frost damage ay have been underestimated.

Raising its forecast of world wheat output by 300,000 tonnes to 441.7m tonnes, the council noted that yield prospects from winter wheat crops in the USSR and some East European countries had been hit by prolonged dry weather.

Mr. Alfred Toepler, a West German grains analyst, said prospects for the Federal Republic's grain crops were brighter after recent good weather. Cereal crops were now only one week behind schedule.

In Holland the Ministry of Agriculture described the condition of wheat and rye crops as "moderate to good" with little sign of disease.

In Pretoria, the South African Maize Board, said exports in the 1979-80 season were estimated at 1.21m tonnes, against last month's forecast of 900,000, and compared with 3.06m for the season ended April 30.

...SH COMMODITY MARKETS

METALS

...rely changed on the Exchange despite the erling. Forward metal ...l and fell away to £901 ...se in sterling. However, ...n a higher-than-expected ...max saw the price here ...close the late kerb at ...r 22,350 tonnes.

...n. ...ial	+ or −	p.m. Unofficial	+ or −
£	£	£	£
...0.5-1.5	−2.5	890.5-1.5	+.5
...5-.5	−1.25	905-.5	+1
...91	−2.5	—	......
...5	−3	884-5	−1.5
...6	−3.5	895-7	−3
...6	−4	—	......
		—	......

...Metal Trading reported morning cash wirebars ..., 90, 91, three months ...4.5, 4, 4.5, 5. Cathodes ...884, 85. Kerb: Wirebars ...905, 4.5, 5. Afternoon: ...months £903, 2, 2.5, ...5, 6. Kerb: Wirebars three months £903, 2, 1, 2, 3, 4, 5, 5.5, 5.

TIN—Firmer for cash material but easier for forward metal. A fall in the Penang market and the rise in sterling saw forward metal open at £7,110 and fall to £7,056 before a rally left the price at £7,085 on the late kerb. An easing in the nearby supply situation saw cash material fall to £7,750 in the morning but it recovered to close around £7,850. Turnover 1,155 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7750-800	−250	7850-90	+48
3 months	7095-115	−140	7090-110	−65
Settlem't	7800	−350	—	......
Standard				
Cash	7750-800	−250	7850-80	+48
3 months	7085-95	−132	7080-90	−84
Settlem't	7800	−350	—	......
Straits, E.	$1980	−15	—	......
New York	—	......	—	......

Morning: Standard cash £7,700, 50, 7,800, three months £7,050, 80, 90. Kerb: Standard cash £7,750, three months £7,090. Afternoon: Standard cash £7,780, 7,800, 50, three months £7,090, 80, Kerb: Standard three months £7,090, 85, 90, 80, 85, 80.

LEAD—Lower following a larger than expected increase in stocks which brought out stop-loss and chartist selling. Forward metal opened at £582 but fell away to £568.5 before rallying to close the late kerb at £570.5. The backwardation narrowed to around £32. Turnover 6,575 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	605-7	−20	601-3	−21
3 months	574.5	−15.7	570-1	−6.75
Sett'ment	607	−20	—	......
U.S. Spot	—	......	*54-8	......

Morning: Three months £572, 73, 72, 71, 72, 73, 74. Kerb: Three months £575, 76. Afternoon: Three months £573, 72, 71, 70, 72, 71, 70. Kerb: Three months £570, 71.

ZINC—Lost ground in line with other metals with forward metal finally £363 on the late kerb after a day of routine trading. Turnover 3,700 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	350.5-1.5	−2.5	350-2	−1
3 months	361-2	−1.5	360-2	−.5
S'ment	351.5	−2.5	—	......
Prim.west	—	......	*39.5	......

Morning: Cash £353, three months £362, 63, 62.5. Afternoon: Three months £361. Kerb: Three months £363.

ALUMINIUM—Easier owing to the rise in sterling. Forward metal was marked down at the outset and fell to £730 following general and stop-loss selling. However, there was a modest recovery from these levels which pushed up the price to £734 on the late kerb. Turnover 4,550 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	726-8	−3	733.5	−1.5
3 months	730-1	−6	732-5	−4

Morning: Late-Aug. £730, three months £732, 31, 31.5, 32, 33, 32, 31, 30. Kerb: Three months £731. Afternoon: Three months £731, 32, 33, 34, 35, 36. Kerb: Three months £734, 33.

NICKEL—Weak as the strength of sterling and stop-loss selling depressed forward metal from £2,920 on the early pre-market to a low of £2,760 before a close on the late kerb of £2,780. Turnover 654 tonnes.

NICKEL	a.m Official	+ or −	p.m. Unofficial	+ or −
Spot	—	......	—	......
3 months	2795-800	−167	2760-70	−155

Morning: Three months £2,850, 40, 30, 20, 10, 2,800, 2,780, 90, 2,800. Afternoon: Three months £2,810, 2,800, 10, 20, 2,800, 2,790, 80, 70, 60. Kerb: Three months £2,780, 70, 75, 79, 75.

* Cents per pound. $ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.2p an ounce higher for spot delivery in the London bullion market yesterday at 408.1p. U.S. cent equivalents of the fixing levels were: spot 882.3c, up 6.8c; three-month 902.4c, up 6.9c; six-month 921.0c, up 5.8c; and 12-month 955.2c, up 5.0c. The metal opened at 408-409p (880-882c) and closed at 403-404p (870-872c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. close	+ or −
Spot	408.10p	+0.2	403.3p	−8.2
3 months	420.70p	+0.6	415.8p	−6.9
6 months	431.60p	+0.2	—	......
12 months	462.00p	−0.25	—	......

LME—Turnover 198 (201) lots of 10,000 ozs. Morning: Three months 421, 20.8, 20.7. Kerb: Three months 420.7, 20.5, 20.6, 20.7. Afternoon: Three months 418.2, 18, 17.5, 17.6, 17.5, 7.3, 18.5, 6.8, 6.7, 6.6, 16, 15.8, 5.3, 5.5, 5.7, 5.6, 5.7. Kerb: Three months 415, 5.3, 5.5

TEA AUCTION

LONDON TEA AUCTION. 53,201 packages were offered at yesterday's auction. North Indians lost 2p to 6p apart from a few selected Brighter Teas. Brighter Africans gained several pence but plainer sorts shed 2p to 6p. Quality Sri Lanka teas were firm to dearer but plainer kinds were 3p to 4p lower and BOPs were unwanted. Price indications for the week: Quality 136p per kilo (134); Medium 103p (105); Plain 68p (70).

COCOA

A quiet day with prices under pressure from Commission House selling and strong sterling. Reported Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
July	1566-1567	−30.5	1584-1560
Sept	1599-1600	−26.0	1619-1588
Dec	1665-1666	−24.0	1683-1655
March	1700-1702	−18.5	1719-1690
May	1718-1725	−17.0	1730-1711
July	1730-1745	−17.0	1747
Sep	1740-1765	−19.5	1762

Sales: 2,006 (2,157).

International Cocoa Organisation (U.S. cents per pound): Daily price June 22, 157.54 (156.59). Indicator prices for June 25: 15-day average 157.79 (157.88); 22-day average 157.48 (157.44).

COFFEE

Robustas opened slightly lower and although colder weather had been forecast for the next day or two in Brazil's coffee growing regions the market recorded losses of up to £30 at one stage reports Drexel, Burnham Lambert. Prices advanced gradually in the afternoon and a sharp rally took prices to within £30 of the recent highs before falling back slightly towards the close. Values finished up to £25 higher on the day.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
July	2037-38	−1.5	2050-10
September	2051-54	+13.0	2065-15
November	2050-55	+18.5	2072-15
January	2060-63	+24.5	2075-20
March	2048-49	+25.0	2064-10
May	2035-44	+20.5	2040
July	2030-45	+21.0	—

Sales: 6,575 (4,715) lots of 5 tonnes.

ICS indicator prices for June 25 (U.S. cents per pound): Other Mild Arabicas 198.83 (199.83); Robustas ICA 1976 198.00 (196.50); ICA 1968 196.50 (197.00); Colombian Mild Arabicas 203.00 (202.50); Unwashed Arabicas 196.00 (same). Comp. daily ICA 1968 197.81 (198.06).

GRAINS

WHEAT M'nth	Yesterday's close	+ or −	BARLEY Yesterday's close	+ or −
Sept.	93.35	−0.1	89.00	+0.4
Nov.	96.80	......	92.85	+0.3
Jan.	101.05	......	96.85	−0.4
Mar.	104.40	......	100.05	+0.35
May.	107.90	......	103.35	+0.4

Business done—Wheat: Sept. 93.85-93.35, Nov. 97.30-96.80, Jan. 101.50-101.25, March 104.90-104.60, May 108.25-107.90. Sales 273. Barley: Sept. 89.55-88.75, Nov. 93.50-92.75, Jan. 97.95-96.50, March 100.50-100.20, May 103.85-103.25. Sales 494.

Imported—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent June 109.25, July 109, August 108 25. Transhipment East coast. U.S. Hard Winter 13½ per cent July 107.25, transhipment East coast. Maize: U.S./French June 109.50, July 110.25. Transhipment East coast. South African White unquoted. South African yellow August 92 nominal. Barley: English feed fob Oct./Dec. 93.50. Sorghum: U.S./Argentine unquoted. Oats: Scand feed unquoted.

18—18—18—

HGCA—Location ex-farm spot prices. Feed barley: Central Scotland 96.00, Cambridge 90.40. The UK monetary coefficient for the week beginning Monday July 2 is expected to remain unchanged.

EEC IMPORT LEVIES—The following levies and premiums are effective for June 26 in order current levy plus July, Aug. and Sept. premiums, with previous in brackets, all in units of account per tonne. Common wheat: 62.95, rest nil (69.86, rest nil). Durum wheat: 118.93 rest nil (124.92, rest nil). Rye: 75.11, rest nil (87.18, rest nil). Barley: 75.70, rest nil (85.34, rest nil). Oats: 88.04, rest nil (same). Maize: (other than hybrid for seeding) 70.87, rest nil (78.75, rest nil). Buckwheat: Nil, rest nil (same). Millet: 62.84, rest nil (74.34, rest nil). Grain Sorghum: 75.87, rest nil (83.82, rest nil). Flour Levies: Wheat or mixed wheat and rye flour 102.91 (112.57). Rye flour: 119.93 (136.83).

RUBBER

EASIER OPENING on the London physical market. Little interest at lower levels, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 296.0 (297.0) cents a kilo (buyer, July).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
July	65.25-65.50	64.70-64.75	64.85-64.00
Aug	64.25-64.75	65.40-65.70	65.15-65.35
Jy-Sept	64.50-64.60	65.60-65.80	65.50-64.50
Oct-Dec	68.30-68.40	68.80-68.85	68.80-68.25
Jan-Mar	70.65-70.75	70.55-71.00	71.10-70.55
Apr-Jun	72.80-72.90	73.00-73.10	73.15-72.45
Jy-Sept	74.50-75.00	75.15-75.00	75.30-74.65
Oct-Dec	77.10-77.20	77.50-77.40	77.00-76.35
Jan-Mar	78.85-79.50	78.85-79.65	79.65-

Sales: 751 (370) at 15 tonnes.

Physical closing prices (buyer) were: Spot 63.00p (63.75p); August 66.0p (68.25p); Sept. 68.50.

SOYABEAN MEAL

The market opened slightly easier on stronger sterling, reported T. G. Roddicks. Nearby position came under pressure on profit-taking and quieter cash interest forward position found better support but still finished on days lows.

	Yesterday Close	+ or −	Business Done
	£ per tonne		
August	138.80-38.9	−1.50	140.50-38.50
October	138.90-39.1	−1.1	141.50-38.50
December	138.50-38.8	−1.40	139.10-38.50
February	139.70-40.0	−0.15	140.20
April	139.50-42.0	−0.75	—
June	139.50-45.5	−0.90	—
Aug	139.50-45.5	......	—

Sales: 127 (412) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): 101.0 (same) a tonne cif for May-June shipment. White sugar daily price was £104.5 (£103.50).

Prices were unchanged from pre-weekend levels during the morning but the market lacked selling interest. Later higher New York quotations stimulated arbitrage buying and gains of some 75/100 points were quickly recorded except the prompt August position which did not move ahead this far. Final quotations were the highs of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug	107.50-07.60	105.90-07.00	107.75-07.00
Oct.	111.65-11.70	110.40-10.50	111.75-10.40
Dec.	115.10-15.15	114.70-14.75	116.75-14.40
March	121.85-21.95	120.10-20.20	121.90-19.90
May	124.55-24.90	122.80-22.90	125.75
Aug.	127.80-28.00	126.25-26.50	128.00-27.00
Oct.	131.50-31.75	129.80-30.00	131.00-30.75

Sales: 1,407 (1,348) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £171.50 (£169.60) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 22: Daily price 8.28 (8.25); 15-day average 8.08 (8.04).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Sept. 110.50, 11.25, 10.75, 10; Nov. 114.00, 14.25, 14.00, 35; Feb. 121.00, 21.50, 21.00, 10; April 123.75, 24.00, nil, nil; July 128.0, 29.00, nil, nil; Sept. 131.50, 34.00, nil, nil; Nov. 134.40, 36.00, nil, nil.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 25 1979	+ or −	Month ago
Metals			
Aluminium	£710		£710
Free Mkt (cst)	$1,515/35		$1,500/30
Copper			
Cash w'bar	£891	+0.5	£926.5
3 mths	£905.25	+1.0	£939.25
Cash Cathode	£884	−1.5	£905
3 mths	£896.5	−3.0	£924.5
Gold troy oz	$283.375	+1.75	$254.625
Lead cash	£602	−21.0	£552
3 mths	£570.5	−6.75	£511.5
Nickel	£2,780		£2,728.75
Freemkt (c/lb)	270/300c		326/75c
Platin'm tr'y oz	£165		£171
Free mkt	£173.95	−1.6	£214.85
Quicksilver	$300/20		$325/40
Silver troy oz	408.1p	+0.2	417.8p
3 mths	420.7p	+0.6	430p
Tin cash	£7,865	+10	£7,425
3 mths	£7,085	−10	£7,182.5
Tungsten	$141.61		$136.8
Wolfrm 22.04lb cif	$145/51		$140/44
Zinc cash	£351	−2.5	£372.5
3 mths	£361	−1.5	£384.75
Producers	$845		$800
Oils			
Coconut (Phil)	$1,160	+10	$1,105
Groundnut			‡
Linseed Crude	£400		£385
Palm Malayan	$700		$655.5
Seeds			
Copra Philip			$720s
Soyabean (U.S.)	$336.75		$311.5r
Grains			
Barley Futures	£91.95		£89.60
Maize			
French No 3 Am	£110.5		£110.5
Wheat			
No. 1 Red Spg			‡
No2 Hard Wint	£107.25		£107.5
Eng. Milling			
Other commodities			
Cocoa ship't	£1,594.5		£1,809
Future Sept.	£1,599.5	−26.0	£1,723
Coffee Ft Sept	£2,052.5	+13.0	£1,809
Cotton A Index	75.75c		74.05c
Rubber kilo	63p	−0.75	55p
Sugar (Raw)	£104.5		£98
Wooltp's 64s kl	273p		280p

* Nominal. † New crop. ‡ Unquoted. p August. r July. s July-Aug. t June-July. u Sept. y Nov. z Indicator. § Buyer.

WOOL FUTURES

BRADFORD—Prices firmer on the strength of sterling but with New Zealand's support prices set for next season and an Australian announcement due within days. Trading was cautious business fairly quiet.

LONDON GREASY—Close (in order buyer, seller only): July 218.0, 223.0; Oct. 218.0, 233.0; Dec. 218.0, 238.0; March, July, Oct., Dec. 228.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales): July 187.0, 195.0; Oct. 188.0, 195.0; Dec. 191.0, 200.0; March 191.0, 200.0; May 192.0, 200.0; July 192.0, 200.0; Oct. 193.0, 202.0; Dec. 195.0, 203.0.

SYDNEY GREASY—Close (buyer, seller, business, sales). Micron Contract: July 385.5, 386.5, 386.5-385.0, 5; Oct. 395.0, 395.5, 395.0-394.0, 18; Dec. 397.0, 397.5, 398.0-397.0, 13; March 403.0, 404.0, 404.0-403.0, 13; May 405.8, 406.5, 408.0-405.5, 16; July 410.5, 413.0, nil, nil; Oct. 412.0, 415.0, 412.0-412.0, 4; Dec. 415.0, 418.0, 416.0-416.0, 6. Sales: 75.

JUTE

New prices: July-August c and f Dundee—BWC £282, BWD £242, BTC £228, BTD £... c and f Antwerp July-August—BTB $620, BWC $570, BWD $525, BTC $582, BTD $... Jute goods firm c and f Dundee July—40-in. 10 oz £12.61, 40-in. 7½ oz £10.10 B/twills £32.26.

AMERICAN MARKETS

NEW YORK, June 25.

Cocoa—July 143.95 (144.15), Sept. 149.20 (149.60), Dec. 154.15, March 156.90, May 158.85, July 160.80, Sept. 162.15.

Coffee—"C" Contract: July 203.38 (199.11), Sept. 208.99 (205.34), Dec. 205.90, March 204.88, May 204.00, July 200.75, Sept. 199.25.

Cotton—No. 2: July 66.75-67.00 (67.78), Oct. 67.30-67.40 (68.51), Dec. 65.90-66.10, March 66.35-66.41, May 67.10-67.30, July 68.10, Oct. 67.50-68.00, Dec. 67.50-68.00.

Copper—June 85.50 (87.05), July 85.50 (87.05), Aug. 85.65, Sept. 85.75, Dec. 86.25, Jan. 86.40, March 86.70, May 86.85, July 87.00, Sept. 87.10, Dec. 87.25, Jan. 87.30, March 87.35.

*Gold—June 284.00 (282.20), July 284.40 (282.40), Aug. 286.50, Oct. 291.50, Dec. 296.50, Feb. 301.20, April 305.90, June 310.60, Aug. 315.20, Oct. 319.80, Dec. 324.30, Feb. 328.80, April 333.30.

Orange Juice—July 97.10 (96.80), Sept. 95.50 (94.80), Nov. 94.10, Jan. 93.30, March 94.40, May 95.20, July 95.90, Sept. 96.40, Nov. 96.70.

Potatoes (round whites)—Nov. 66.0 (65.0), March 79.8 (75.6), April nil, May 101.5.

¶Silver—June 869.5 (872.0), July 870.5 (873.0), Aug. 878.3, Sept. 886.0, Dec. 905.8, Jan. 911.5, March 922.9, May 934.3, July 945.7, Sept. 957.1, Dec. 974.9, Jan. 980.7, March 991.9. Handy and Harman bullion spot 870.20 (876.00).

Sugar—No. 11: July 8.35 (8.43), Sept. 8.82, Oct. 9.19, Jan. 9.66, March 10.12, May 10.28, July 10.41, Sept. 10.65, Oct. 10.73.

Tin—Spot 717.00 to 730.00 asked (715.00 to 740.00).

CHICAGO, June 25

Lard—Chicago loose 26.75 (same). New York prime steam 28.25 (nom.).

Live Hogs—July 39.45-39.35 (40.67-39.40), Aug. 35.75-39.90 (38.60-35.82), Oct. 34.02-34.12, Dec. 35.90-36.00, Feb. 39.50, April 39.80-39.60, June 44.25 bid, July 44.60 bid.

‡‡Maize—July 311½-312 (317¼), Sept. 313½-313 (320½), Dec. 318¾-318¾, March 328-328½, May 330-330½, July 330-331.

Pork Bellies—July 38.80-38.50 (40.35-38.65), August 36.35-36.20 (38.07-36.27), Feb. 45.45-45.45 asked, March 45.75 asked, May 46.25 asked, July 47.25 asked, August 46.25 asked.

Plywood—July 201.0 (200.5), Sept. 203.6-203.8 (204.0), Nov. 200.0, Jan. 201.8, March 203.0, May 203.0, July 203.1, Sept. 203.1, Nov. 203.0.

Silver—June 880.0 (884.3), July 879.0, (883.3), August 884.0-884.1, Oct. 895.0, Dec. 907.0-906.0, Feb. 917.0, April 928.0, July 939.5, August 951.0, Oct. 961.5, Dec. 973.0, Feb. 984.5, April 996.5, June 100.85, Aug. 102.05, Oct. 103.25, Dec. 104.45, Feb. 105.70, April 107.00.

‡Soyabeans—July 838-837 (859), Aug. 842-840 (859½), Sept. 825-826, Nov. 812-813½, Jan. 822-823, March 832-831½, May 834-834½, July 834½.

‖Soyabean Meal—July 229.50-230.50 (234.30), Aug. 229.50-229.00 (233.70), Sept. 227.50-227.00, Oct. 224.00-223.50, Dec. 224.00-223.50, Jan. 225.00-225.50, March 227.00, May 227.50-228.00 B/A, July 226.50-226.00.

Soyabean Oil—July 28.65-28.60 (29.15), Aug. 28.70-28.60 (29.17), Sept. 28.55-28.50, Oct. 28.50-28.40, Dec. 28.40-28.30, Jan. 28.30, March 28.40-28.35, May 28.35-28.40, July 28.30-28.25, Aug. 28.20-28.25 B/A.

‡Wheat—July 467-468 (482¾), Sept. 477-475½ (489½), Dec. 491-492, March 501, May 497, July 456.

WINNIPEG, June 25. §Rye—July 153.50 bid (148.50 bid), Oct. 151.50 bid (146.50 bid), Dec. 147.50 bid, May 145.50 bid.

§Barley—July 108.70-109.00 (109.80), Oct. 107.00 (107.30 bid), Dec. 106.50 bid, March 107.30-107.50, May 107.60 bid.

§Oats—July 108.90 bid (108.50 asked), Oct. 103.40 bid (104.10 bid), Dec. 102.50 bid, March 102.50 bid, May 102.10 bid.

§Flaxseed—July 365.50 asked (373.00 bid), Oct. 354.50 asked (362.00 bid), Nov. 343.50 asked, Dec. 336.50 asked, May 346.50.

§Wheat—SCWRS 13.5 per cent, protein content cif St. Lawrence 244.55.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. ft. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 25.

Wheat: U.S. No. Two Dark Hard Winter 13.5 per cent July $214. U.S. Hard Winter wheat ordinary unquoted. U.S. No. Two Red Winter wheat June $210, July $209, August $211, Sept. $213, Oct. $218, Nov. $220, Dec. $222. U.S. No. Two Northern Spring wheat 14 per cent June $219, July $217, Aug. $215, Sept. $216, Oct. $220, Nov. $222. Maize—U.S. No. Three Corn Yellow April $159.75, June $159.75, July $159.50, Aug. $160.25, Sept $160.75, Oct./Dec. $162, Jan./March $167.50.

Soyabeans—U.S. Two Yellow Gulfports July $355, Aug. $356.50, Sept. $351.50, Oct. $331.50, Nov. $331.50, Dec. $335.25, Jan. $339.50, Feb. $344.25, March $344.75, April $348.25, May $350, June $350.25, July $350.75. Brazil Yellow FAQ unquoted. Argentine mid-June/mid-July $342.75, July $342, Aug. $345 sellers. Soyameal: 44 per cent protein. U.S. Nov./March $281, traded afloat $285, June $285, July $266, Aug. $288, Nov./March $283 sellers. Brazil pellets July $288, traded afloat $288, June $288.50, July $288, Aug. $292, Sept. $293.50 sellers.

PARIS, June 25.

SUGAR (FFr per 100 kilos)—Aug. 977-982 b/a, Oct. 1,030-1,032 b/a, Nov. 1,025-1,035 b/a, Dec. 1,065-1,070 b/a, March 1,120-1,140 b/a, May 1,135-1,180 b/a, July 1,150-1,160 b/a, Aug. 1,165-1,195 b/a. Sales at call

INDICES

FINANCIAL TIMES

June 25	June 22	M'nth ago	Year ago
300.96	304.51	279.50	346.44

(Base: July 1, 1952=100)

MOODY'S

June 25	June 22	M'nth ago	Year ago
1109.2	1118.2	1060.1	923.4

(December 31, 1931=100)

DOW JONES

Dow Jones	June 22	June 22	Month ago	Year ago
Spot	426.82	428.99	390.51	365.65
F'tur's	438.81	440.31	396.26	350.38

(Average 1924-25-26=100)

REUTERS

June 25	June 22	M'nth ago	Year ago
1637.5	1640.9	*	1492.8

(Base: September 18, 1931=100)
* Market closed.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 64.0 to 68.0. Eire hindquarters 82.0 to 85.0, forequarters 41.0 to 44.0. Veal: English fats 62.0 to 72.0, Dutch hinds and ends 90.0 to 102.0. Lamb: English small 66.0 to 78.0. Imported frozen—N.Z. PL 51.0 to 51.5, PM 50.0 to 51.0. Pork: English, under 100 lb 34.5 to 44.0, 100-120 lb 34.5 to 42.5, 120-160 lb 34.5 to 41.0.

MEAT COMMISSION—Average fatstock prices at representative markets on June 23. GB cattle 68.13p per kg. l.w. (+0.97). UK sheep 176.7p per kg. est. d.c.w. (+1.3). GB pigs 58.4p per kg. l.w. (−0.4). England and Wales: Cattle numbers down 14.9 per cent, average price 67.63p (+0.63). Sheep numbers up 20.5 per cent, average price 176.8p (+1.5). Pig numbers down 1.2 per cent, average price 58.4p (−0.3). Scotland: Cattle numbers down 28.5 per cent, average price 69.09p (+1.50). Sheep numbers up 88.5 per cent, average price 169.6p (−17.7). Pig numbers down 16.5 per cent, average price 61.0p (−0.9).

NOTICES

...MPANIES ACT, 1948 ...ter of ELSTREE LAND-...ED. Landscape Gardeners. ...Order made 30th April ...d place of first meetings: ...July 1979, at Room G20, ..., Holborn Viaduct, Lon-...D at 2.00 o'clock: Con-... the same day and at ...e at 2.30 o'clock. ...GILLVRAY, ...t Receiver and ...ional Liquidator.

...MPANIES ACT, 1948 ...r of LONNYCAL INVEST-...ED. Land Dealers/Property ...Winding-up Order made ...79. Date and place of ... Creditors 9th July 1979, ... Atlantic House, Holborn ...don EC1N 2HD at 2.00 ...ributories on the same ...the same place at 2.30

... J. CHRISTMAS, ...l Receiver and ...ional Liquidator.

COMPANY NOTICES

LEUMI INTERNATIONAL INVESTMENTS N.V.
U.S.$75,000,000 GUARANTEED FLOATING RATE NOTES 1986
EXTENDABLE AT THE HOLDERS' OPTION TO 1989

The Interest Rate applicable to the above Notes in respect of the six months period commencing 26 June, 1979, has been fixed at 11⅛ per annum.

The interest amounting to U.S.$56.22 per bond of U.S.$1,000 nominal, to U.S.$562.22 per bond of U.S.$10,000 nominal and to U.S.$5,622.22 per bond of U.S.$100,000 nominal will be paid on 27 December, 1979, against presentation of Coupon No. 1.

BANK LEUMI TRUST COMPANY OF NEW YORK
Principal Paying Agent.

PERSONAL

Short-term economic difficulties again dampen interest
30-share index loses 2.6 more to 473.4 but Oils resist

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 4	June 14	June 15	June 26
June 18	June 28	June 29	July 10
July 2	July 12	July 13	July 24

* "New time" dealings may take place from 9.30 am two business days earlier.

The Government's determination to curb money growth, the problems generated by the oil crisis and the increasing impact of a strong exchange rate on overseas corporate earnings made for another sombre session in Stock Markets yesterday. All these factors were recognised in a level of trade which was uninspiring to say the least in both equities and Gilt-edged securities.

The Oil share sector was the *only one to resist the apathy* with buyers assuming that concerns either producing or indirectly interested in North Sea fields would benefit from the expected further increase in crude oil prices by OPEC. Albeit *on a lesser scale than recently*, activity thus continued in British Petroleum, up 54 at 1,264p, and a host of smaller companies.

Institutional sources, still viewing the uncertain short-term outlook with some apprehension, again withheld their funds and it was left to small public investors *to provide the bulk of* the day's trade. This was mostly completed in the first 90 minutes or so of business, taking a penny off leading shares and occasionally more from selected secondary stocks.

At 11 am, the FT 30-share index showed a loss of 1.9; thereafter the index was little altered until a further slight easing towards the close left it down a net 2.6 at 473.4. Had BP remained unchanged on the day, the loss would have been 3.2.

Sterling's latest bout of strength failed to change the cautious attitude of potential buyers of British Funds because *of the* UK's monetary and economic problems. Very little straight business was attracted with trade mostly comprising switching operations, some into the new medium tap Treasury 12 per cent 1984, which still *slipped to ½ discount in £50-paid form.*

A rally among the shorts proved to be short-lived, although closing prices were a shade above the day's lowest, and losses here almost matched those of ½ recorded in high-coupon longs. The new long tap, Exchequer *12¼ per cent "A" 1999, settled at* £14¾, or ¼ discount on the £15 paid on application, but a small specialist demand lifted the low-coupon Exchequer 3 per cent 1983 by ¼ to 80⅝.

Corporations eased in places, while Southern Rhodesian bonds drifted lower in the absence of buying interest; the 2½ per cent 1965/70 issue, in common with several others, fell three points to £74.

Rates for investment currency were adjusted lower in line with the latest upsurge in sterling and continued the downturn following fresh selling. Although institutional interest was reported at the cheaper rates, the premium closed 3½ points down at the day's lowest of 34½ per cent. Yesterday's SE conversion factor was 0.8924 (0.8791).

Mining issues again held the limelight in Traded Options, Consolidated Gold Fields and RTZ contributing 110 and 72 trades respectively to a total of 681 compared with last week's daily average of 520. Also in demand was BP which attracted 91 contracts.

Banks better

Newspaper comment highlighting the outlook for banking profits stimulated a small demand for home banks. Barclays, 441p, Lloyds, 323p, and NatWest, 345p, all improved 3, while Midland reversed an initial fall of a couple of pence to close a penny firmer on balance at 401p. Among Discount Houses, Union touched 368p before easing back to close unchanged on balance at 355p, but Cater Ryder held a gain of 7 at 345p. Provident Financial featured Hire Purchases, adding 3 to 95p, on persisting bid rumours.

Insurances closed easier *throughout with Royals losing* 6 to 331p and Commercial Union 4 to 139p. Among brokers, Hogg Robinson and Minet relinquished 4 apiece to 109p and 124p respectively.

Little interest was shown for Breweries and Distilleries which showed little alteration to previous closing levels. However, Luis Gordon hardened a couple of pence to 27p helped by recent Press comment and last Friday's annual meeting.

Lack of investment incentive left leading Buildings easier in places with Blue Circle cheapening 4 to 282p and London Brick shedding a penny to 64p. Elsewhere, renewed investment buying took Brown and Jackson up 7 to 275p and, responding to a speculative flurry of interest, Parker Timber put on 13 to 166p, after 170p. Reflecting the satisfactory interim performance, Vectis Stone firmed 2 to 31p, while the higher annual profits lifted Marshalls (Halifax) 6 to 162p. Mallinson-Denny eased 3 to 62p on profit-taking, but Countryside, awaiting today's interim results, added 3 to 83p.

A small business was transacted in ICI which eased 2 to 352p. Fisons added a penny to 254p, *as did Laporte, to 126p,* the latter following favourable Press comment.

Stores drift lower

Store leaders tended easier *following a subdued business.* Gussies "A" fell 6 at 358p, while Marks and Spencer, 111p, and Mothercare, 176p, gave up 3 and 4 respectively. The odd firm spot was apparent among secondary issues, John Michael *continuing* to benefit from improved annual figures and rising 4 to 40p, while Time Products added a similar amount to 231p, still buoyed by the chairman's annual statement. Northern Goldsmiths held at 94p following the full-year results, but support for Bambers waned and the shares closed 7 lower at 127p. Falls of 3 were seen in Raybeck, 119p, Alfred Preedy, 84p, and W. H. Smith, 170p.

Movements in the Electrical sector rarely exceeded a few pence either way. Among the leaders, Thorn, 4 cheaper at 418p, failed to benefit from news of the proposed latest U.S. acquisition. GEC eased 2 to 353p and Plessey a penny to 102p. Racal shed 3 to 467p after recent firmness on the annual results. BSR turned dull at 51p, down 3, while losses of 2 were marked against Laurence Scott, 75p, and Rotaflex, 51p.

Wellman up

The Engineering leaders drifted lower in extremely quiet trading, John Brown reacting 6 to 505p, Tubes 4 to 360p, and Vickers 2 to 166p. Elsewhere, Wellman Engineering jumped 17 to 72p on the cash offer worth 65p per share from Redman Heenan; the offer was subsequently rejected by Wellman. Scattered support left Matthew Hall 5 to the good at 183p, but Jenks and Cattell reacted 10 more to 83p following news that Armstrong Equipment does not intend to raise its offer worth 81p per share. Baker Perkins gave up 4 to 155p, while late offerings left Yarrow 10 cheaper at 350p. WGI were quoted ex the rights issue at 105p with the new shares at 9p premium.

Some interest was shown in selected supermarket issues with J. Sainsbury and Associated Dairies adding 2 apiece to 332p and 263p respectively, while Tesco hardened ½ to 70½p. Elsewhere *in the Food sector,* Associated Biscuit came on offer and shed 4 to 71p, but a solitary buyer in a limited market prompted a gain of 5 to 87p in Somportex.

Among Hotels and Caterers, Trusthouse Forte eased 2 to 158p, but Ladbroke hardened a penny to 205p following Press comment highlighting the group's underlying strengths. Elsewhere, a little late selling clipped a couple of pence from Savoy A, 102p.

With the exception of Pilkington, which encountered further scattered offerings, and gave up 10 more to 300p, little worth of note developed in the *miscellaneous Industrial leaders.* Elsewhere, companies with North Sea oil interest continued in demand; National Carbonising advanced 6 more to 70p and Cawoods 9 to 215p, while IC Gas firmed 7 further to 495p.

BTR held at 304p, down 3, following the announcement that the company intends to go ahead with its offer for Restobell at the previously indicated bid price of 200p per share; Restobell rose 15 to 203p. Hargreaves eased a penny further to 53p, after 52p, on the proposed rights issue, but favourable trading statements left Renwick Group 4 dearer at 50p and Elliott Group 2 up at 38p. Berwick Timpo hardened a penny to 79p in response to Press mention. Wilkinson Match continued to reflect the warning about prospects and eased 2 further 163p. Davies and Newman remained on offer and gave up 4 further to 134p, while losses of a similar amount were marked against J. H. Fenner, 132p, and Harris Sheldon, 43p.

Among Leisure issues, Management Agency and Music slipped 4 to 157p and Medminster shed 2 to 36p. Trident Television A finished fractionally easier at 57½p awaiting today's interim results.

Despite the small downturn in interim profits, Kenning Motor's figures still exceeded most market *estimates* but disappointment with the mere maintenance of the dividend left the shares unchanged at 66½p, after 68p. Elsewhere in a lacklustre Motor market, Plaxtons firmed 3 to 155p in response to favourable Press comment.

Company announcements provided the interest among Paper/Printings with wallpaper manufacturers Melody Mills putting on 6 at 138p after the substantially increased profits and dividend coupled with a proposed 100 per cent scrip issue. James Cropper spurted 8 to 118p on the *preliminary results,* but greeting card concern Wilson Bros. reported slightly reduced profits and shares held at previous closing level of 36p. In Newspapers, Associated rose 6 to 221p on hopes about increased revenue from the group's North Sea oil interests.

Properties gave ground on scattered offerings and lack of interest. Haslemere and Stock Conversion eased 4 apiece to 288p and 356p respectively, while Hammerson A shed 5 to 810p and Great Portland Estates cheapened 2 to 300p. Percy Bilton proved particularly sensitive to small selling and lost 8 to 224p, while Warnford Investment eased 5 to 420p *following the publication of* the annual report. Awaiting today's annual results, Property Holding and Investment shed 10 to 365p in a limited market, while Bradford eased 5 to 400p on further consideration of the results.

Still reflecting the prospects of increased earnings in view of the expected further increase in crude oil prices, Oil shares put on another extremely firm performance. North Sea issues were *particularly good, with* British Petroleum moving ahead strongly in active trading to close 54 higher at 1,264p. Shell firmed 6 further to 384p. Among the more speculative issues, Ultramar closed 8 dearer at 326p, after 330p, while *gains* of 6 were marked against Oil Exploration, 296p, Siebens (UK), 240p, and Attock, 134p. Premier put on 2½ to 38½p.

A Press suggestion that European Ferries may make an outright bid for Furness Withy prompted demand for the latter which advanced to 310p before settling at 302p for a rise of 6 on balance; European Ferries gave up 6 to 135p.

Small falls were scattered around in a quiet Textile sector. Textured Jersey eased 4 to 53p, while Rivington Reed remained depressed by last week's interim profits downturn and gave up 3 for a two-day loss of 11 to 41p.

Quiet mines

The fall in the investment currency premium was the major influence in mining markets. South *African Golds made progress* in dollar terms reflecting the strength of the bullion price, but in sterling prices were marked down owing to the lower premium.

The Gold Mines index—including the premium—eased 0.4 to 185.0, but the ex-premium index put on 2.1 to 165.1.

Interest in the gold share market was modest throughout with small local and Continental *interest evident* in the morning and early afternoon. Thereafter, one or two American selling orders *took prices* away from their best levels.

East Daggafontein were a feature in the cheaper-priced issues as persistent American *and London buying in a market* short of stock pushed the price up 8 to 33p.

The strength of sterling prompted persistent selling of London Financials, which derive a major portion of their earnings *from overseas.* Rio Tinto-Zinc were particularly affected and lost a further 7 to 275p, while Selection Trust were similarly lower at 516p and Gold Fields 5 off at 222p.

Australians lost ground with *the fall in the premium* more than offsetting the gains in overnight domestic markets.

Elsewhere, a strong Canadian demand lifted Northgate Exploration 35 to 390p, Westfield Minerals 15 to 210p and Sabina Industries 6 to 42p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1100	188	2	306	—	278	—	1260p
BP	1150	136	6	166	—	—	—	"
BP	1200	88	33	130	2	202	—	"
BP	1300	30	41	88	5	148	2	"
Com. Union	140	7	—	12	—	16	5	141p
Com. Union	160	2	11	5	35	8	—	"
Cons. Gold	220	12	3	20	—	30	—	225p
Cons. Gold	240	3	11	13	10	20	—	"
Cons. Gold	260	2	69	7	—	12	—	"
Cons. Gold	280	1	4	4	—	7	—	"
Courtaulds	90	6	—	10	—	12	2	92p
Courtaulds	120	½	—	1	—	—	—	"
GEC	330	31	5	46	—	65	—	353p
GEC	360	12	2	30	—	42	—	"
GEC	390	4	45	16	—	28	—	"
GEC	420	1	3	8	—	16	—	"
Grand Met.	138	4	13	9	20	17	20	133p
ICI	330	26	—	40	—	48	—	352p
ICI	360	8	7	22	—	32	—	"
ICI	390	2	—	10	—	18	—	"
Land Secs.	300	3½	5	18	—	24	—	281p
Marks & Sp.	80	32	5	35	—	—	—	111p
Marks & Sp.	90	25	5	26	—	—	—	"
Marks & Sp.	100	14	5	18	—	—	—	"
Marks & Sp.	120	2½	5	7½	—	—	—	"
Marks & Sp.	130	1½	—	3	—	—	—	"
Shell	325	64	5	68	—	—	—	384p
Shell	400	11	33	32	—	42	3	"
Totals			363		135		37	
		August		November		February		
BOC Intl.	80	3	10	8	4	8	—	75p
Boots	200	5½	7	15	—	20	—	191p
Boots	220	2	—	6	—	11	—	"
EMI	90	10	—	20	1	27	—	96p
EMI	100	4	—	6	—	12	6	"
Imperial Gp.	80	5	—	6½	44	8½	—	82p
RTZ	300	9	10	19	1	26	—	275p
RTZ	360	1	63	7	1	13	—	"
Total			92		53		5	

FINANCIAL TIMES STOCK INDICES

	June 25	June 22	June 21	June 20	June 19	June 18	A year ago
Government Secs.	70.25	70.60	70.76	70.86	70.96	70.80	68.88
Fixed Interest	72.25	72.56	72.61	72.61	72.74	72.44	71.07
Industrial	473.4	476.0	474.9	480.1	486.6	482.9	453.0
Gold Mines	185.0	185.4	186.8	189.2	185.9	186.2	153.1
Gold Mines(Ex-$ pm)	165.1	163.0	161.6	164.3	161.9	164.5	105.7
Ord. Div. Yield	5.93	5.94	5.97	5.87	6.07	6.11	5.54
Earnings,Yld. % (full)	16.15	16.18	16.25	16.01	15.98	16.08	16.88
P/E Ratio (net) (*)	7.89	7.88	7.85	7.97	7.99	7.95	7.94
Total bargains	14,935	14,420	14,147	14,770	15,461	16,342	—
Equity turnover £m	—	58.63	63.55	66.65	68.68	74.89	61.08
Equity bargains total	—	10,593	11,371	10,948	10,832	15,517	15,705

10 am 475.3. 11 am 474.1. Noon 474.2. 1 pm 474.3.
2 pm 474.2. 3 pm 474.3.
Latest index 01-246 8026.
* Nil=7.58.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.75 (5/5)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (8/5)	[illegible] (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	[illegible] (6/5)	95.2 (2/11)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	June 25	June 22
—Daily		
Gilt Edged	111.5	98.8
Industrials	114.8	109.9
Speculative	27.8	24.5
Totals	79.5	73.2
5-d'y Av'r'ge		
Gilt Edged	109.5	110.7
Industrials	117.5	124.8
Speculative	25.7	27.3
Totals	77.1	80.1

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (18)

BUILDINGS (3)
Brown & Jackson — Rowlinson
Countryside Props.
FOODS (1)
Somportex
INDUSTRIALS (2)
Howard Tenens — National Carbonising
NEWSPAPERS (2)
Rtldge. & Kgn. Paul — Wyatt (Woodrow)
SHIPPING (1)
Ldn. & O'seas Frts.
OILS (7)
BP — Oil Expln.
Burmah Oil — Tricentrol
Candecca Res. — Ultramar
LASMO
MINES (2)
Central Pacific — Southern Pacific

NEW LOWS (103)

BRITISH FUNDS (2)
AMERICANS (25)
BANKS (5)
BUILDINGS (1)
CHEMICALS (4)
ELECTRICALS (3)
ENGINEERING (12)
HOTELS (1)
INDUSTRIALS (16)
INSURANCE (5)
LEISURE (1)
MOTORS (1)
PROPERTY (3)
TEXTILES (5)
TRUSTS (15)
OVERSEAS TRADERS (1)
RUBBERS (1)
MINES (1)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	4	71	11
Corpns., Dom. and Foreign Bonds	3	13	49
Industrials	138	329	947
Financial and Prop.	43	148	316
Oils	23	3	12
Plantation	3	12	17
Mines	26	66	48
Others	17	75	55
Totals	257	717	1,455

APPOINTMENTS

Coats Patons deputy chairman

Mr. W. D. Coats has been appointed deputy chairman of COATS PATONS.

★

The Secretary for Trade has appointed Mr. K. M. Franklin and Mr. I. C. Elms to be members of the AIR TRAVEL RESERVE FUND AGENCY for two years. Mr. Franklin is the deputy managing director of Horizon Travel (formerly Horizon Midlands). He is the chairman of the Tour Operators' Council of the Association of British Travel Agents and is also a member of the Association's National Council. Mr. Elms is the managing director of Tottenham Travel Agency and has been associated with the retail travel trade for many years. He is a member of the National Council of the Association of British Travel Agents and has been chairman of the Retail Agents Council *since* 1977. The Air Travel Reserve Fund Agency was set up under the Air Travel Reserve Fund Act 1975 to hold and manage the Air Travel Reserve Fund.

★

SE Council

Mr. Peter Wills was yesterday elected a deputy chairman of the STOCK EXCHANGE. Mr. Wills, 47, *has been a member* of the Council for six years, having been admitted to the exchange in 1960. He has worked in only one partnership, Shephards and Chase.

Mr. Nicholas Goodison was re-elected chairman of the exchange for another year and Mr. George Nissen, a deputy chairman, was also re-elected for another term.

★

Members of the new Boards of the three companies formed by the reconstruction of the MFI FURNITURE GROUP are as follows:—The main Board of MFI Furniture Group (new holding company—name changed from MFI Furniture Centres) continues in its present form: Mr. A. C. Southon, chairman; Mr. N. A. V. Lister and Mr. J. W. Seabright, joint managing directors; Mr. S. Chody, Mr. D. S. Hunt, Mr D. R. Hughes and Mr. E. W. Lea, as directors, and Mr. P. A. Lait, a non-executive director. Mr. S. C. Moodley is secretary. MFI Furniture Centres (furniture retailing and wholly-owned subsidiary): Mr. J. W. Seabright *becomes* chairman; Mr. Hunt and Mr. Chody are joint managing directors. Mr. J. Dooley (general manager, central warehouse and distribution); Mr. K. Green (regional manager, north); Mr. S. R. Harrop (regional manager, south); Mr. D. R. Hughes (group marketing director); Mr. E. W. Lea (group financial director); Mr. D. G. Love (senior buyer) and Mr. J. O'Connell (buying co-ordinator) have been *made* directors). They will continue in their present managerial positions. Secretary is Mr. Moodley. MFI Properties (to own existing properties; control site finding, purchase and development; wholly-owned subsidiary): Mr. N. A. V. Lister appointed chairman and managing director; Mr. S. C. Moodley (company secretary); Mr. M. D. Shaw (store development manager) and Mr. J. Banks (non-executive) have been made directors. They will continue in their present managerial *positions.* Secretary is Mr. Moodley.

★

Mr. P. C. P. Hambro has been appointed a director of CITY OF OXFORD INVESTMENT TRUST.

★

Mr. Kenneth T. Marley has retired from the board of the HOUSE OF FRASER.

★

GAFFNEY CLINE AND ASSOCIATES, the petroleum advisers, has appointed Mr. John McGhee to the post of Board director, and Mr. J. David Archer as a new director. Mr. McGhee has been a director since 1974 while Mr. Archer joined the company in 1978 to head a development section. Mr. Roger Dollimore is appointed to the Board of Gaffney, Cline and Associates (Singapore). Mr. Dollimore has been with the firm since 1975.

★

Mr. H. W. Armstrong and Mr. H. Russo retire on July 1, from the Boards of CORNELIUS CHEMICAL COMPANY. Mr. C. M. D. Barker will join the Board of the Cornelius Chemical Company and Mr. J. Sandford has been appointed secretary of Cornelius Chemical Company and Cornelius Produce Company from July 1.

★

Mr. D. D. McKinnon, deputy general manager of the Scottish Mutual Assurance Society, has been elected president of the FACULTY OF ACTUARIES IN SCOTLAND in succession to Mr. R. E. Macdonald.

★

Mr. R. L. Wunsh has been appointed managing director of BECKETT LAYCOCK AND WATKINSON and its UK subsidiaries from July 2. Mr. L. W. Robins has resigned as managing director *but continues as chairman* and remains responsible for overseas companies.

★

Mr. J. A. Swanwick has been appointed marketing director of MARTIN BUILDING SERVICES with special responsibility for expansion in the East Midlands area. He was formerly marketing manager with W. J. Simms Son and Cooke (Northern).

★

Mr. Leonard Deeds and Mr. Henry Popper have been appointed chairman and vice-chairman, respectively, of the newly formed Anglo-Afrique Group, within the WESTMINSTER CHAMBER OF COMMERCE.

★

Mr. Bob Lucas-Clements has been appointed sales director (international) of the IRISH DAIRY BOARD. He succeeds Mr. Walter H. Beirne, who is leaving to become a director of the Athlone Group.

★

Mr. John G. Ewin has been appointed president of INCHCAPE, INC. in the U.S. and will take up his appointment in July. He will also represent Inchcape and Co. on the Boards of the recently acquired Marshall Group of Companies in Chicago and be responsible for the furtherance of the Inchcape Group's interest in America. He will be relinquishing his seat on the Board of Dodwell and Co. on July 31.

★

Mr. Peter R. Carroll, has been appointed to become general manager of the AGRICULTURAL MORTGAGE CORPORATION on the retirement of Mr. A. E. Harman at the end of this year.

★

Mr. J. C. Mitchell has been appointed to the new post of director of home ownership, GREATER LONDON COUNCIL.

★

Mr. Peter Mellor has joined NOMURA EUROPE NV in a consultancy position as director of research. He was previously *managing director of Hoare* Govett Far-East.

★

Mr. David O. Anderson has been appointed deputy chairman of the AUSTRALIAN MUTUAL PROVIDENT SOCIETY'S principal board following the retirement of Sir Theo Kelly.

★

Mr. John Davies has been appointed technical director of E. BRAUDE (CORROSION CONTROL).

★

Mr. Johannes A. de Gier has been appointed an executive director of ORION BANK from August 15 and will be based in London. *He is* at present an

Mr. Johannes de Gier

assistant general manager of the Amsterdam-Rotterdam Bank N.V. in Amsterdam in its international new issue and syndicate business.

★

Mr. C. P. H. Hicks has been appointed managing director and Mr. E. Jackson, construction director, of HOUSING DEVELOPMENT AND CONSTRUCTION, a subsidiary of IDC Group.

★

Mr. David J. Smith has been appointed secretary treasurer of SLEEPEEZEE. Mr. Keith E. Worrall has joined the company as personnel and training manager.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 12	Jun. 25	Sep. 6	Sep. 18
Jun. 26	July 9	Sep. 20	Oct. 2
July 10	July 23	Oct. 4	Oct. 16

For rate indications see end of Share Information Service

Calls were done in Premier Oil, MFI, Charterhall, Status Discount, Burmah, Courtaulds, EMI, Furness Withy, GEC, and Beecham. Puts were completed in GUS "A" and Ladbroke, while doubles arranged included Ladbroke Warrants and Lonrho and Burmah.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	11	1,264	+54	1,264	[illegible]
LASMO	25p	9	264	+6	264	134
European Ferries	25p	8	135	−6	153	121
Ultramar	25p	8	326	+8	328	210
Rank Org.	25p	7	216	−2	300	212
RTZ	25p	7	275	−7	362	226
Boots	25p	6	191	−3	238	184
GEC	25p	6	353	−2	456	311
GKN	£1	6	261	−1	308	226
ICI	£1	6	352	−2	415	346
Midland Bank	£1	6	401	+1	455	348
Royal Insurance	25p	6	331	−6	443	325
Shell Transport	25p	6	384	+6	402	278
BAT Inds.	25p	5	268	−3	362	263
GUS A	25p	5	358	−6	448	288

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
60	F.P.	11/7	91	76	B & Q (Retail) 5p	82	−1	[illegible]	[illegible]	[illegible]	[illegible]
115	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Do. Capital [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Rock Darham [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
20p	F.P.	[illegible]	[illegible]	[illegible]	[illegible] Conv. Cum. Red. Prf.	[illegible]	[illegible]
100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] Conv. Cum. Red. Prf.	[illegible]	[illegible]
100	[illegible]	[illegible]	[illegible]	[illegible]	Portsmouth Water [illegible] Red. Prf. 1984	[illegible]	[illegible]
100	[illegible]	[illegible]	[illegible]	[illegible]	Slough Ests. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	York Water 12% Deb. 1986	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
36	Nil	[illegible]	[illegible]	[illegible]	Caxton [illegible]	[illegible]	[illegible]
22½	Nil	[illegible]	[illegible]	[illegible]	Combined English Stores	[illegible]	[illegible]
55	F.P.	[illegible]	[illegible]	[illegible]	Edwards (Louis C.)	[illegible]	[illegible]
100	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Grand Metropolitan	[illegible]	[illegible]
12	F.P.	[illegible]	[illegible]	[illegible]	Hampton Trust	[illegible]	[illegible]
165	Nil	[illegible]	[illegible]	[illegible]	Holt Lloyd Intl.	[illegible]	[illegible]
110	Nil	[illegible]	[illegible]	[illegible]	Intl. Timber	[illegible]	[illegible]
154	F.P.	[illegible]	[illegible]	[illegible]	MEPC	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	McCorquodale	[illegible]	[illegible]
85	Nil	[illegible]	[illegible]	[illegible]	P.M.A. Holdings	[illegible]	[illegible]
210	Nil	[illegible]	[illegible]	[illegible]	Peterson Zochonis	[illegible]	[illegible]
20	F.P.	[illegible]	[illegible]	[illegible]	Provincial Laundries	[illegible]	[illegible]
118	F.P.	[illegible]	[illegible]	[illegible]	Pullman (R. & J.)	[illegible]	[illegible]
60	F.P.	[illegible]	[illegible]	[illegible]	Scotcros	[illegible]	[illegible]
115	F.P.	[illegible]	[illegible]	[illegible]	Scot. Met. Prop.	[illegible]	[illegible]
265	F.P.	[illegible]	[illegible]	[illegible]	Simon Engineering	[illegible]	[illegible]
150	F.P.	[illegible]	[illegible]	[illegible]	Smurfit (Jefferson)	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Standard Chartered Bank	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Tilling (Thomas)	[illegible]	[illegible]
175	F.P.	[illegible]	[illegible]	[illegible]	Tricentrol	[illegible]	[illegible]
93	F.P.	[illegible]	[illegible]	[illegible]	UDS	[illegible]	[illegible]
87	F.P.	[illegible]	[illegible]	[illegible]	W.G.I.	[illegible]	[illegible]
20	F.P.	[illegible]	[illegible]	[illegible]	Weeks Associates	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. : Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon., June 25, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. June 22 Index No.	Thurs. June 21 Index No.	Wed. June 20 Index No.	Tues. June 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (75)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (DURABLE) (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	Lt. Electronics, Radio, TV (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Motors and Distributors (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (NON-DURABLE) (171)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Food Manufacturing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Stores (41)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38	Chemicals (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Miscellaneous (58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (42)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. June 25	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Mon. June 25	Fri. June 22	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Mon. June 25 Index No.	Yield %	Fri. June 22	Thurs. June 21	Wed. June 20	Tues. June 19	Mon. June 18	Fri. June 15	Thurs. June 14	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	56.92	13.04	56.95	56.96	57.00	58.31	58.34	58.42	58.45	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	69.10	13.05	69.10	69.10	69.10	69.53	69.52	70.04	70.04	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster May 21	42.2	44.2	—	5.71
Exempt May 31	108.7	112.7	—	5.95

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	54.3	57.1	—	3.71

Murray Johnstone U.T. Mgnt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	69.5	74.0	—	4.51

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	55.0	58.6xd	—	6.27
Mutual Inc. Tst	74.7	79.6	—	7.30
Mutual Blue Chip	46.9	50.9	−0.2	6.40
Mutual High Yld	59.3	63.2	+0.1	8.54

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 8555.

Income June 6	163.4	169.4	—	5.74
(Accum. Units)	231.8	240.4	—	5.74
Capt. May June 20	137.6	142.6	—	3.25
(Accum. Units)	169.4	175.6	—	3.25

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth.Un.Tst	53.2	56.6xd	—	4.75
(Accum. Units)*	67.2	71.5	—	4.75
NPI O'seas. Trust	128.4	136.9	—	2.40
(Accum. Units)**	139.1	147.2	—	2.40

*Prices on June 19. Next dealing July 4.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060

Capital (Accum.)	70.2	75.4xd	−0.2	3.95
Extra Inc.	65.8	70.7	−0.3	8.91
Financial	35.0	37.6	−0.2	5.40
Growth Inv.	89.2	96.0	−0.4	4.79
Income	36.1	38.8	−0.1	7.50
Portfolio Inv. Fd.	73.4	76.8xd	−0.2	6.20
Universal Fd.	44.3	47.6	−0.5	2.90

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	139.5	148.0	−0.5	4.66

Quilter Management Co. Ltd.♥
The Stock Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	120.1	125.2	−6.1	3.81
Quadrant Income	141.6	146.0	−5.4	8.23

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	70.0	74.8	—	5.85
Sekforde T. (Acc.)	44.0	47.1	—	5.26
Sekforde T. Inc.	41.3	44.2	—	5.26

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT	77.0	82.0xd	—	2.90
Ridgefield Income	90.0	96.0xd	—	9.50

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N. C. Equity Fund	173.3	184.3	−0.1	4.03
N.C. Engy. Res. Tst.	117.9	125.4	−2.2	2.38
N.C. Income Fund	154.0	163.8xd	−0.3	7.81
N.C. Intl. Fd. (Inc.)	77.7	82.6	−0.4	1.72
N.C. Intl. Fd. (Acc.)	78.7	83.7	−0.4	1.72
N.C. Smlr Coys Fd.	190.6	202.8	−0.4	3.85

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American June 21	64.0	67.0	—	1.48
Securities June 19	195.5	206.0	—	3.72
High Yield June 22	56.7	59.7	−0.7	8.46
(Accum. Units)	85.1	89.6	−0.1	8.46
Merlin June 20	86.2	90.8	—	3.88
(Accum. Units)	108.5	114.3	—	3.88

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fd.	70.2	74.7	—	3.48
Income Fd.	71.3	75.2	—	7.48

Prices at June 15. Next dealing June 29.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$338.27	—	2.30
Jardine J'pn.Fd.*	HK$373.27	—	1.00
Jardine S.E.A.	US$17.02	—	2.10
Jardine Flem. Int.	US$12.86	—	0.80
Intl.Pac.Secs.(Inc.)	US$13.27	—	1.30
Do. (Accum.)	US$13.46	—	—

NAV June 29. *Equiv. US$76.26. Next sub. day July 15.

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.

L.J. Sterling Fund	£10.10	10.11	+0.02	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy.C1 0534 73741

CMF Ltd. May 31	SUS13.33	13.67	—	2.90
CMT Ltd. May 31	£13.46	13.81	—	2.80
Metals Tst. June 21	£15.60	15.99	—	5.46
TMT June 14	US$11.10	11.39	—	2.86
TMT Ltd. June 14	£10.81	11.09	—	1.06

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	US$18.33	—	—

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015

Wren Commod. Tst.	38.0	38.4	—	—

NOTES

Prices do not include $ premium, except where indicated ⊕, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ⊕. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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U.S. $ & DM prices exclude inv. $ premium

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[illegible]

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S.E. List Premium 11¼% (based on $2.5306 per £)

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DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued
AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
171	110	Bougainville 50 Toea	112	−1	Q15c	1.0	8.3
140	84	BH South 50c	93	−2	—	—	—
810	340	Central Pacific	770	−10	—	—	—
318	182	Conzinc Riotinto 50c.	188	−2	¶Q10c	2.0	3.3
36	17	Cultus Pacific N.L.	17	......	—	—	—
21½	11	Endeavour 20c	12½	......	—	—	—
98	62	G.M. Kalgoorlie $1.	86	−1	Z03c	—	2.0
42	23	Haoma Gold N.L.	27	......	—	—	—
174	148	Hampin Areas 5p.	166	......	♦t3.55	2.0	3.1
71½	25	Metals Ex. 50c	47	−5	—	—	—
275	180	M.I.M. Hldgs. 50c	181	−4	†Q9c	1.7	2.8
15	15	Minefields Expl.	15	......	—	—	—
74	38	Mount Lyell 25c	43	......	—	—	—
44	15	Newmetal 20c	16	......	—	—	—
141	98	North B. Hill 50c.	98	−1	†Q6c	1.3	4.6
22	11	Nth. Kalgurli	15½	−½	—	—	—
40	22	Nth. West Mining	25	......	—	—	—
137	84	Oakbridge $A1	92	......	Q12c	1.9	7.6
37	22	Oilmin N. L.	27	+1	—	—	—
120	58	Pacific Copper	70	......	—	—	—
£10¾	625	Pancont'l 25c	700	......	—	—	—
25¾	15½	Paringa M&Ex.5p	19	......	—	—	—
510	272	Peko-Wallsend 50c.	272	−3	Q15c	3.3	3.2
308	145	Southern Pacific	290	−10	—	—	—
186	128	Westn. Mining 50c.	128	−3	†Q3c	0.7	1.3
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c	55	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27	......	2.81	1.3	14.9
435	300	Ayer Hitam $M1	305	......	Q300c	0.5	21.1
72	51	Berali Tin	55	−1	4.0	3.3	10.4
270	195	Berjuntai $M1	195	−10	†Q110c	1.0	13.7
160	135	Geevor	135xd	−13	8.71	3.1	9.2
10½	6	Gold & Base 12½p	10½	......	—	—	—
365	295	Gopeng Cons.	340	......	†18.0	1.4	7.6
370	295	Hongkong	335xd	......	†12.5	2.8	5.6
98	64	Idris 10p	87	......	8.0	♦	13.7
14	9½	Jantar 12½p	10	......	—	—	—
95	65	Kamunting $M0.50	70	+5	†Q12.5c	2.1	3.8
620	210	Killinghall $M1	370	......	—	—	—
465	365	Malay Dredging $M1	400	......	†175c	0.7	1.6
57	32	♦Pahang	33	......	—	—	—
123	60	Pengkalen 10p	102	−2	4.5	1.2	6.6
275	205	Petaling $M1	235	......	†Q130c	1.3	11.0
85	72	Saint Piran	72	......	†2.03	6.5	4.0
58	48	South Crofty 10p.	49	+1	†4.19	2.0	12.2
230	170	South Kinta $M0.50	190	......	†Q145c	0.6	16.4
405	295	Sthn Malayan $M1	370	−5	†Q190c	1.0	11.0
310	210	Sungei Besi $M1	260	......	mQ65c	5.3	5.4
75	48	Supreme Corp. $M1	50	......	ZQ10c	—	4.3
105	94	Tanjong 15p	98	−3	6.60	0.8	9.6
115	90	Tongkah H. Tin	95	+5	†Q24c	0.7	5.7
280	200	Tronoh $M1	205	......	Q25c	5.2	2.7

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	85	−1	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	65	−1	—	—	—
13½	10	Burma Mines 17½p	13	......	—	—	—
345	170	Cons. Murch. 10c.	290	−5	Z030c	—	6.4
410	325	Northgate C$1	390	+35	—	—	—
362	226	R.T.Z.	275	−7	11.5	2.7	6.0
31	18	Robert Mines	23	+1	—	—	—
65	36	Sabina Inds. C$1.	42	+6	—	—	—
880	612	Tara Exptn. $1	625	−12	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$15⅝	+⅜	Q200c	♦	15.8
$15½	890c	East Drie R1	$14¾	+½	†Q115c	1.6	9.5
950c	350c	East Rand Prp. R1	950c	+30	†Q10c	—	1.2
$27½	$18¼	F.S. Geduld 50c	$27½	+¾	†Q315c	2.4	13.6
$19⅝	$11⅞	Pres. Brand 50c	$19⅝	+¾	†Q150c	3.2	9.3
£18⅛	$10¼	St. Helena R1	£18⅛	+⅛	†Q190c	1.4	12.4
760c	407c	Stilfontein 50c	670c	+5	†Q66c	♦	12.3
$34⅜	$18¼	Vaal Reefs 50c	$34¾	+⅜	Q280c	2.7	9.4
$50¼	$28¾	West Drie R1	$50¼	+½	Q615c	1.7	15.6
$35¾	$22¼	West Hldgs. 50c	$35	+¼	†Q425c	2.4	14.1
$16¾	$10⅛	Western Deep R2	$16½	+⅝	Q147½c	2.1	10.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 32

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Bertam	25	......
Bdg'wtr. Est. 50p	410	......
Clover Croft	28	......
Craig & Rose £1	£11½xd	......
Dyson (R. A.) A	36	......
Ellis & McHdy	68	......
Fife Forge	54	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	305	+30
Higsons Brew	78	......
Holt (Jos) 25p	260	......
I.O.M. Stm. £1	165	......
Pearce (C. H.)	235	......
Peel Mills	30	......
Sheff. Refrshmt	87	......
Sindall (Wm.)	148	+8

IRISH

Conv. 9% '80/82	£87⅝	......
Nat. 9¾% 84/89	£79½	......
Fin. 13% 97/02	£88½	......
Alliance Gas	65	......
Arnott	370	−15
Carroll (P.J.)	115xd	......
Clondalkin	86	......
Concrete Prods.	101	......
Heiton (Hldgs.)	81	......
Ins. Corp.	217	......
Irish Ropes	87½xd	......
Jacob	46	+1
T.M.G.	190	......
Unidare	86	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	9	I.C.I.	24	Tube Invest.	30
BOC Intl.	6	"Imps"	8	Unilever	55
B.S.R.	7	I.C.L.	55	U.D.T.	5
Babcock	18	Inveresk	7	Utd. Drapery	10
Barclays Bank	32	KCA	5	Vickers	18
Beecham	52	Ladbroke	22	Woolworths	7½
Blue Circle	18	Legal & Gen.	14		
Boots	18	Lex Service	11	**Property**	
Bowaters	18	Lloyds Bank	25	Brit. Land	7½
B.A.T.	28	"Lofs"	5	Cap. Counties	9
Brown (J.)	50	London Brick	7	Land Secs.	25
Burton 'A'	26	Lonrho	8	MEPC	17
Cadburys	7	Lucas Inds.	25	Peachey	13
Courtaulds	10	"Mams"	18	Samuel Props.	14
Debenhams	8	Mrks. & Spncr	11	Town & City	2¾
Distillers	21	Midland Bank	30		
Dunlop	6½	N.E.I.	14	**Oils**	
Eagle Star	14	Nat. West. Bank	28	Brit. Petroleum	100
E.M.I.	12	Do. Warrants	15	Burmah Oil	13
Gen. Accident	21	P & O Dfd.	10	Charterhall	5
Gen. Electric	35	Plessey	10	Premier	5
Glaxo	50	R.H.M.	5	Shell	25
Grand Met.	14	Rank Org.	25	Ultramar	25
G.U.S. 'A'	30	Reed Intnl.	18		
Guardian	24	Sears	5½	**Mines**	
G.K.N.	28	Spillers	4½	Charter Cons.	16
Hawker Sidd	26	Tesco	7	Cons. Gold	28
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		Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday June 26 1979

Japan and U.S. agree to cut oil imports

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

Japan and the U.S. have agreed to establish targets for cutting their oil imports. This was decided in talks between President Carter and Prime Minister Masayoshi Ohira, which set the scene for what could be an agreement along the same lines by the leaders of the seven advanced countries at the Tokyo summit on Thursday.

The agreement was reached —in principle rather than on precise figures—at the first of two sessions of talks in which the two leaders are scheduled to discuss economic and political problems including security problems in Asia.

Apart from oil, a major topic on yesterday's agenda is understood to have been the Indochina refugee problem. Both leaders agreed that this should be taken up during the broader seven-nations talks later in the week.

Japan's agreement to import reduction targets appears to go somewhat beyond its earlier cautious attitude to proposals for tackling the energy problem. It appears that the targets to be established may apply to oil imports during 1979 and 1980 (Japan previously favoured restricting economy measures to 1979). Neither Japan nor the U.S. appeared to be in favour of a European proposal for freezing imports of oil at 1978 levels up to 1985.

Japan's current oil import plans call for 292m kilolitres in fiscal year 1979 (ending March 31 next year), 300m kilolitres in 1980 and 317m kilolitres in 1981 but it appears that the 1979 import figure may be reduced to 281m kilolitres through the cancellation of plans for the building up of Government stockpiles. Revisions to the figure for 1980 have yet to be revealed.

Other topics discussed at the Carter-Ohira meeting included bilateral economic relations and the Middle East situation. The two leaders meet again today for talks which are expected to focus on Asian political and security issues.

Power engineers' pay talks fail

BY ALAN PIKE, LABOUR CORRESPONDENT

PAY negotiations on behalf of 27,000 engineers in the electricity supply industry broke down yesterday, with their union threatening industrial action.

The executive of the Engineers' and Managers' Association's Electrical Power Engineers' Association will meet next week, and Mr. John Lyons, general secretary, said last night that it would "almost certainly decide to apply industrial sanctions against the electricity boards."

Power engineers operate the grid system and distribution network and their potential for industrial disruption is enormous. An Electricity Council spokesman said after the failure of the negotiations: "They can choose the level of hardship which might have to be endured by industry and the public."

Negotiations, which have been drawn out over many weeks, broke down yesterday when the union rejected a staged offer which would have increased salaries by 16-18 per cent by the end of the year. The union is campaigning for the restoration of differentials with a claim for increases ranging from 32 to 40 per cent.

During yesterday's talks Electricity Council negotiators told the union that they would be prepared to take the claim to arbitration or some other form of independent inquiry.

Mr. Lyons attacked the electricity boards after he left the talks, saying: "They have taken advantage of our goodwill in recent years to try and impose on this key group of engineers a permanent reduction in their differentials where elsewhere they are being restored.

"The responsibility for the consequences of this breakdown rests fully on their shoulders."

The power engineers' conference earlier this year gave authority for industrial action "if necessary" in the campaign to restore differentials. Executive members will consider the next move a week today.

State takes over all insurance companies in Iran

BY ANDREW WHITLEY IN TEHRAN

IRAN YESTERDAY extended its takeover of private industry by nationalising the country's insurance companies. Three British companies, General Accident, Commercial Union and the Royal Assurance Group, are involved in the Iranian insurance market.

An announcement on the state radio said the nationalisation would take place immediately. It resulted from a recent decision of the revolutionary council, conveyed to the Government of Mr. Mehdi Bazargan for implementation.

The takeover was made simpler by the high proportion of the market, worth nearly $400m last year, already in Government hands. Before the revolution, Bimeh Iran, owned by the State, and Bimeh Melli, owned by the Shah's charitable trust, the Pahlavi Foundation, controlled three-quarters of all business.

The state radio yesterday made clear this was a decision of the clergy-dominated Revolutionary Council, not of Mr. Mehdi Bazargan's Government. It was evident yesterday that the officials who will be responsible for its implementation had had no warning to consider the consequences.

On the orders of the Government all 12 Iranian insurance companies affected are closed until Saturday when their new Government-appointed managers will take over. The future of two foreign companies, Yorkshire—a subsidiary of General Accident—and the Soviet state concern Ingostrakh, appears to have been not yet settled.

The announcement said in future insurance would be run "in accordance with Islamic rules." There was no mention of compensation or any details of what will happen to the companies' investments although it was assumed here these would automatically be taken over.

Although the timing of the move took Tehran businessmen by surprise, it had long been expected, especially after the nationalisation of the banks on June 8 which increased the State's share to some 85-90 per cent.

Nationalisation of banks, insurance and "certain heavy industries" was a feature of one version of the draft national constitution, leaked to the Press in late April. These references were dropped from the officially approved version now being debated, but pressures in favour of a widescale nationalisation programme clearly remain strong within the clergy-dominated revolutionary council.

The authorities are known to be contemplating nationalising a range of privately-owned concerns whose major private shareholders have fled the country, leaving their industries rudderless or shut down. A decree on the subject is likely within the next fortnight.

Preliminary talks have already been held between the National Petrochemical Company and foreign participants in four joint venture petrochemical complexes about the takeover of their assets sometime in the future.

Eric Short writes: Although the three British companies affected were not entirely surprised by the move, they were disappointed that no mention was made of compensation.

The companies' insurance business in Iran represents a very small part of their total worldwide business—less than 1 per cent of premium income.

Most insurance business from Iran is dealt with on the London market in the form of reinsurance—much of it coming from the State-owned insurance company in Iran. In spite of the Government's statements about Islamic principles, the reinsurers in the UK do not expect a complete halt to reinsurance from Iran.

More details, Page 5

Irish post strike settled

By Stewart Dalby

IRELAND'S Department of Posts and Telegraphs reached a settlement last night in the country's four-and-a-half-month long post and telephone strike.

The agreement with the Post Office Workers' Union, which has 13,000 members, is expected to be ratified by the Cabinet today. A formal return-to-work has still to be arranged—probably for tomorrow.

Under the deal which was negotiated after mediation by the Irish Congress of Trade Unions, postmen and telephonists are to receive increases of between 14 and 18 per cent and a £400 cash payout. Clerks will receive increases of up to 12 per cent.

Understanding

The agreement gives postmen a weekly rise of about £10 taking their basic wage to £76.

It is thought that the Government will accept the agreement since its own national understanding on wages allowed for increases of 14½ per cent over 15 months. The understanding has yet to be accepted by the unions and in the meantime the Government has imposed a 7 per cent guideline for six months.

It is not clear what period the Post Office settlement covers, though it is unlikely to be less than 15 months. Officials said that it should take two days to clear the post which is already in the system, but that it could take some weeks to clear the backlog of millions of pieces of mail which are waiting in other centres.

Gromyko rejects any U.S. treaty changes

BY DAVID SATTER IN MOSCOW

MR. ANDREI GROMYKO, the Soviet Foreign Minister, said yesterday it would be "the end of negotiations—the end" if the U.S. Senate rejected the SALT 2 treaty or tried to amend it.

Speaking a a rare Press conference, Mr. Gromyko made the most emphatic Soviet commitment yet on rejecting any Senate tampering with the SALT 2 treaty in its present form.

No matter what amendments were offered, Mr. Gromyko said, the bridges which SALT 2 built to further arms reductions under SALT 3 would have been destroyed. "I tell you frankly it would be impossible to resume negotiations—a fantastic situation." He urged U.S. Senators to "think about it" and to evaluate the treaty objectively and with the guidance of their consciences.

Mr. Gromyko said that in the SALT 2 negotiations both parties agreed to the principles of equality and equal security and the treaty to an equal extent served the interest of the U.S., the Soviet Union and the whole world.

The "great service" of the SALT 2 treaty was that it was the "fundament" for progress toward further limits and even reductions in the stockpiles of strategic weapons.

"This is the beginning of a process which it is impossible to even compare in its importance with other processes." If the treaty were not ratified, "the situation will be complicated, the situation will be bad."

Mr. Gromyko said the negotiations for SALT 3 should include other countries besides the U.S. and the Soviet Union and should cover medium-range ballistic missiles.

Both sides at the Vienna summit talks had agreed that the signing of SALT 2 should have a good effect on other areas of negotiation. None the less, the European force reduction talks continued to be deadlocked over the Western insistence that "we have 180,000 more troops than we have."

Mr. Gromyko said that he could only conclude that the West did not really want a force reduction agreement but "we hope they will change their stand."

Mr. Leonid Brezhnev, the Soviet President, had given President Carter a "frank assessment" of the Soviet-American relationship at the summit meeting and both had agreed that it should be improved.

"We are convinced that better economic relations would put a more solid foundation under our political relationship," he said. Mr. Gromyko added that the question of U.S. most favoured nation status for the Soviet Union, which is barred by the Jackson-Vanik amendment without specific Soviet assurances on Jewish emigration, was not specifically discussed at the summit talks.

THE LEX COLUMN

Why Furness should steer clear

Hopes that Euroferries might intervene in the dispute between Furness Withy and two of its major shareholders, Eurocanadian Shipholdings and KCA International, were behind the 6p rise in the share price yesterday to 302p. But it seems extremely unlikely that any moves will be made by Euroferries, and time is running out before the annual meeting of Furness on Thursday, when three controversial resolutions are being proposed.

The affair can be seen as a flamboyant course of action by Mr. Frank Narby, of Eurocanadian, to stir up opinion ahead of the Monopolies Commission's deadline for the cut in Eurocanadian's stakes in Furness to 10 per cent. Of its 18.4 per cent interest 8.4 per cent has been passed over to KCA but only on a conditional basis.

This "disposal" could be seen more in terms of a way round the Monopolies Commission ruling that Eurocanadian should not vote more than a 10 per cent stake in Furness than as a genuine sale. The deadline itself appears to be flexible —it has already been extended by a year—but clearly Mr. Narby is under some pressure to find a solution.

The details of his case barely stand examination. He berates the management of Furness, but provides virtually no figures relating to Eurocanadian's performance: as a private company it does not publish its results "for competitive reasons". His partner in the attempt to push through changes at Furness, Mr. Paul Bristol, has a distinctly accident prone record at KCA.

In the context of the recent history of the shipping sector Furness really does not have at all a bad record. Mr. Narby's financial analysis appears to be largely confined to plucking a figure out of the air for assets per share—of 768p—and then complaining that the return on this is too low. Moreover, Mr. Narby is keen on a special deal over Manchester Liners and Mr. Bristol has proposals for a joint offshore drilling company. Other shareholders do not have such special interests, and it is hard to see why they should find the resolutions at all attractive.

Foreign Exchanges

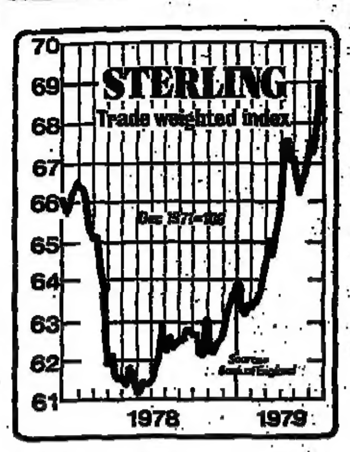
It is only three weeks since the Bundesbank was selling dollars heavily to keep the mark firm and minimise the effect of rising raw material prices on the German economy, even at the cost of vexing its EMS partners, who found themselves compelled to raise domestic interest rates just to keep in touch with the mark. But now a more familiar pattern has returned to the Frankfurt fix. The mark looks effortlessly firm and the Bundesbank is buying dollars in significant quantities ($50m at yesterday's fixing) to keep order in a foreign exchange market in which the dollar is looking increasingly weak.

It may just be that the market is unusually nervous at the moment, and that the Bundesbank considers that a few dollars more in its reserves are a necessary accompaniment to an OPEC meeting. But recent German policy shows a deep fear of inflationary pressure which suggests the authorities will be most unhappy to support the dollar for long. German money supply is still rising at a lively rate—there was a DM 3.1bn increase in M3 in May despite a large fall in the exchange reserves that month—and the Bundesbank is not going to be anxious to issue marks to foreigners.

Ever since the U.S. measures of November 1 the dollar has enjoyed a very strong technical position as the leads and lags that had been built up against it have been unwound or reversed. This process may now have more or less come to an end. Rising interest rates in Europe have narrowed the differential that was working in the dollar's favour, and there has been widespread switching to DM bonds from dollar paper yielding no more than 1½ points more. With the Bundesbank, other EMS central banks and even the Bank of England acting firmly to restrain monetary expansion, the Fed has looked an increasingly conspicuous odd man out. Inflationary expectations in the U.S. are now no more favourable than in most European economies.

On top of all this comes the threat of a still higher oil price. But sterling rides higher and higher on the hydrocarbon tide: yesterday the trade-weighted index moved up another 0.3 to 68.9 and the dollar rate closed at just under $2.16.

Index fell 2.6 to 473.4



Sky float

With its entrepreneurial spirit unleashed by the Conservative Budget the City is now asked to produce a £6.4m welcome for Thermo-Skyships, a venture whose product and prospectus are both reminiscent of Dan Dare. The company wants this money to develop saucer shaped airships which will fly using all known aeronautical principles.

Laing and Cruickshank have devised a correspondingly diverse financial package. In an attempt to leave the original entrepreneurs with a satisfactory amount of equity, they have asked investors to put up pure venture capital in the form of shares, participatory preference shares, and loan stock. The investor gets these in a fixed proportion, and thus becomes involuntary leader as well as shareholder.

The whole complex package will be partly paid—30 per cent now and the rest about a year later, and then only if shareholders are 75 per cent in favour. This appears at first sight to be an important escape route for the investor, but the potential balance of power reduces its attractions. European Ferries, of which Thermo-Skyships is currently a subsidiary, has said it will apply for up to 300,000 of the 560,000 new shares being issued. Together with the 90,000 shares it already holds this would give it, assuming the worst, 60 per cent of the votes at the EGM.

The entrepreneurs behind Thermo-Skyships will not be able to vote their deferred shares, but could add to the pressure for a call if they subscribe for the issue themselves. The attractions of the part payment are further reduced by the fact that if the company goes into liquidation before the call, the shareholders may have to forfeit some of the deferred payment to pay debts.

All of this underlines the fact that this issue is a flyer or something which may not fly. It was judged impossible to underwrite it so it is up to courageous small investors, plus those institutions which can dabble in unlisted securities, to show that the Stock market still has a sense of adventure.

New Companies Bill may ease accounting for small concerns

BY MICHAEL LAFFERTY

THE ACCOUNTING and auditing requirements for smaller companies are likely to be relaxed in a new Companies Bill, to be introduced in 1980.

This was the implication of a Government statement about company law reform made in the House of Lords yesterday during the second reading of the present short Companies Bill.

The statement by Lord Trenchard, Minister of State for Industry said that the decision to exclude references to the proprietary company — small companies managed by the people who own them — inserted in the last Companies Bill by the Tory opposition, should not be taken as a change of heart by the Government, but merely a change of tactic.

The Government will "be dealing specifically with the question of disclosure and audit of small companies and with the definition of a proprietary company for these purposes" in a consultative paper about company accounts, to be published shortly.

The consultative paper, expected to appear next month, will discuss how the EEC fourth directive on harmonising company accounts should be implemented in the UK. The Trade Department has indicated that the possibility of introducing a multi-tier disclosure system for companies, depending on their size, has been considered for some time.

Such an approach would reverse the tradition of British company law, which is based on the objective that all limited companies have to observe broadly the same standards.

A move to exclude small companies from the audit requirement was welcomed by audit partners in large City accounting firms yesterday. Many such auditors believe that it is impossible to carry out a complete audit of most small companies because of the absence of internal controls.

Parliament Page 12

Weather

UK TODAY

MOSTLY DRY. Scattered showers. Cool generally.

London, S.E., Cen. Southern, S.W. England, Channel Isles
Rain, becoming drier and brighter. Max 16C (61F).

E. Anglia, Midlands, Wales, Lakes, Isle of Man, N.E. England
Mainly dry. Sunny intervals. Max 18C (64F).

Aberdeen, N.W. Scotland
Showers. Bright intervals. Max 14C (57F).

Rest of Scotland
Scattered showers. Sunny intervals. Max 15C (59F).

N. Ireland
Mainly dry. Sunny intervals. Max 10C (50F).

Outlook: Mainly dry. Cloudy. Temperatures normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Los Ang.	F	25	77
Algiers	F	31	88	Luxmbg.	F	17	63
Amsdm.	F	16	61	Luxor	S	46	115
Athens	F	30	86	Madrid	F	31	88
Bercina.	S	24	75	Majorca	F	27	81
Beirut	F	32	90	Malta	S	29	84
Belfast	R	14	57	M'chstr	F	14	57
Belgrd.	F	29	84	Melbne.	C	17	63
Berlin	S	22	72	Mex. C.	S	22	72
Biarritz	C	19	66	Milan	S	28	82
Bmghm.	C	15	59	Mntreal.	C	15	59
Blackpl.	F	13	55	Moscow	S	23	73
Boulgn.	R	13	55	Munich	S	18	64
Bristol	F	16	61	Nairobi	C	16	61
Brussels	F	17	63	Naples	S	25	77
Budpst.	S	28	82	Nwcstl.	C	15	59
B. Aires	F	15	59	N. York	F	18	65
Cairo	F	35	95	Nice	S	23	73
Cardiff	S	15	59	Oslo	F	16	61
Cape T.	C	16	61	Paris	C	19	66
Chicago	S	22	72	Perth	S	15	59
Cpnhgn.	F	18	64	Prague	C	20	68
Dublin	C	14	57	Reykjvk.	S	10	50
Ednbgh.	F	16	61	Rio J'o	C	31	88
Faro	F	21	70	Rome	S	26	79
Florence	S	30	86	Salzbrg.	C	20	68
Frankft.	F	20	68	Singapr.	F	32	90
Funchal	F	21	70	Stckhm.	C	22	72
Geneva	S	21	70	Strasbg.	F	23	72
Gibrltr.	S	25	77	Sydney	F	20	68
Glasgow	R	13	55	Tangier	C	21	70
G'rnsey	C	14	57	Tehran	S	30	86
Helsinki	S	24	75	Tel Aviv	S	27	81
H. Kong	C	30	86	Tokyo	F	34	93
Invrnss.	C	12	54	Toronto	F	34	93
I.o.Man	F	13	55	Tunis	C	33	91
Jersey	C	15	59	Valencia	C	24	75
Jo'burg	F	16	61	Venice	S	26	79
Lisbon	S	25	77	Vienna	S	26	79
Locarno	C	27	81	Warsaw	F	29	84
London	C	17	63	Zurich	S	19	66

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

$20 a barrel

seems reconciled to $20 a barrel.

Dr. Mana al Otaiba, UAE Minister of Oil, said yesterday that his Government wanted a "moderate price increase that would not damage the world," but that it should not be higher than $20 a barrel.

All member states say that they would like to return to a rational pricing system related to actual market conditions and the supply-demand equilibrium. In practice some producers, like Iraq and Libya, would probably be happy to see a continuation of the present "free-for-all" which has resulted in an official selling price for Libya's Zuetina ultra light crude of $21.31 a barrel. Iran's equivalent of Arabian Light is being sold at no less than $18.47 by the militant theocratic regime.

The voice of compromise and moderation as always came from Venezuela. Sen. Humberto Calderon Berti, Minister of Mines and Hydrocarbons, said that a unified price structure was more important for both producers and consumers than the actual level. "We have to find a level where everyone can agree," he said.

Continued from Page 1

TUC Budget campaign

ways. "We emphasised the willingness of the TUC to play a constructive role in trying to solve some of our national problems," he said. "Our aim always is to be in dialogue with government."

Earlier in the day, the TUC leaders secured approval for that dialogue at the first session of the TUC-Labour Party liaison committee since the election. It had been accepted that because Labour had gone into opposition that did not mean that the TUC had gone into opposition as well Mr. Murray said.

Mr. James Prior described the Downing Street meeting as friendly, reasonable and responsible. The Prime Minister had said the TUC would be welcome at any time, but that she would prefer to meet them in smaller delegations so that the dialogue could go deeper.

There were differences between the two sides, but there had been no attempt by the TUC to maximise them.

Mrs. Thatcher had spoken of the desirability of a high output, high productivity and high-wage economy. She had also voiced her concern about unemployment and the need to create "real jobs" to deal with it.

After a discussion dominated by Mrs. Thatcher, TUC leaders left in little doubt that they will have a stark choice to face in the next pay round. There is absolutely no sign of compromise on the Government's part if high pay claims are followed by rising unemployment and bankruptcies.

It is thought significant in Whitehall that the TUC has shown a desire to resume consultations with the Government following the traumas of last winter and the immediate post-election threats of industrial conflict in the next pay round.

The extent to which the TUC is ready actively to encourage opposition to Mrs. Thatcher's politics will be clearer when the general council tomorrow discusses the statement and the motion drafted for Congress by the economic committee.

Jordan buys Mirages

Jordan is buying 36 Mirage F-1 fighter-bombers from France, worth an estimated $300m (£140m), Reuter reports from Paris.

Jordan will later buy France's latest combat aircraft, the Delta-winged Mirage 2000 and possibly, the twin-engined Mirage 4000, French Government officials said.

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